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Foreign-Trade Problems of the United States

By HAL B. LARY, *Chief, International Payments Unit, Bureau of Foreign and Domestic Commerce*

THE international position of the United States is compounded of many distinctive features. Some of these features are already well known. Nevertheless it should be useful to pass them in review and to relate them to each other. All together they add up to a position is more complementary than any other country in the world. That position is more complementary than competitive with respect to other countries, and the problems associated with it are not so much similar to, as the reciprocal of, the problems of other countries.

Industrial Capacity

First among the factors constituting the unique position of the United States is its huge industrial capacity. Prior to the outbreak of war in Europe the manufacturing production of the United States accounted for about one-third of the world total, in terms of dollar values. That, however, was during a time when industrial activity in this country was still depressed and our productive capacity not fully utilized. During the more prosperous twenties we had accounted for more than 40 percent of world manufacturing output.

What our relative share will be in the future is difficult to say. We have made extensive additions to our industrial plant, although much of it is in lines that cannot be fully utilized for peacetime purposes. Abroad the war has brought both great destruction and expansion, and the net result is a matter for conjecture. It is perhaps a reasonable guess that our relative share in the world's aggregate manufacturing capacity after the war will be at least as large as at any time in the past.

When, therefore, we speak of United States foreign trade, we are not discussing merely the trade of one country with a number of other countries of more or less equal strength. It is almost as if we were considering the commercial relations of one-half of the world with the other half.

The implications of our remarkable share in the world's productive capacity are two-fold. It means, on the one hand, that we shall be in the best position to supply the needs of other countries for manufactured goods, especially capital equipment. It means, on the other hand, that foreign countries are no less interested than we ourselves in the prosperity of the huge American market. Despite a high-tariff regime that has tended to limit our imports to materials for further fabrication and certain foodstuffs, we have been the world's second-largest importer. And we may well hold first place in the future—if we are prosperous.

Our imports of raw materials, foodstuffs, and other goods rise in quantity and price when American business prospers, and imports fall when business is depressed. The whole movement in imports closely parallels the course of the business cycle in this country. Broadly speaking, our exports follow the same pattern. This is because the ability of foreign countries to satisfy their demand for our goods is closely conditioned by their ability to obtain dollars through sales to this market.

Investment Capacity

A second key factor in our international position is our ability to supply capital in almost any amount that may be feasible for purposes of international investment. This unique ability rests on two main supports. One is the large volume of domestic savings associated with our high per-capita incomes—an embarrassingly large propensity to save, as we have come to realize. If these savings are not to exert a continual deflationary pressure on our economy, they must find investment outlets at home or abroad entailing, directly or indirectly, expenditure on American goods.

The other support to our foreign-investment capacity lies in the virtually assured absence of any "transfer burden." Under ordinary conditions we assume that, when a country undertakes to invest abroad, it must depress its prices and money incomes in order to curtail imports and to expand exports. If the trade balance is not adjusted in the direction of any export surplus, the lending country's currency remains under pressure and it loses gold or foreign exchange.

These transfer problems need not be feared by the United States. Given the strength of foreign demand for American goods, exports should readily expand to levels commensurate with any likely volume of capital investment.

Other countries, like the United Kingdom, which have been major sources of international investment capital in the past, will be much less favorably situated in the future. Their volume of savings will be smaller because of increased taxation, and their ability to develop an export surplus will be limited by their needs for imports and for the products of their own industries.

The United States thus stands in a unique position because of its need for investment outlets and its ability to invest abroad without strain. It is perhaps this investment potential that underlies some current comments about the United States being the world's greatest creditor nation. In point of past history, this has not been quite accurate. Our foreign investments have never equalled those of the United Kingdom at their peak, unless the old war debts are counted in, and our foreign holdings currently are much lower than they were 15 years ago.

The Department of Commerce recently announced that our assets abroad are lower than foreign assets here by about $1,200,000,000.[1] Foreign assets in the United States, however, consist in large part of short-term funds that will probably be used to buy American exports after the war. Potentially, at least, the United States may become the world's greatest creditor nation.

Latitude for Expansion

Thus far two principal respects in which the United States occupies a position without parallel have been considered—its capacity to produce and its ability to provide capital for foreign investment. A third distinguishing characteristic is our freedom of action to promote full employment without fear for our foreign-exchange position. Because of the increasing emphasis throughout the world on economic expansion and full employment, this is a difference of fundamental importance. It is one which could lead to international friction, unless we understand clearly the unique nature of our position as compared with that of other countries.

Unless expansion is occurring in the world economy generally, a country seeking to increase its home production and employment must ordinarily proceed with caution. The rise in its do-

NOTE.—This article is adapted from an address recently delivered by Mr. Lary before the Institute of Economics and Finance at Occidental College, Los Angeles, Calif.

[1] Cf. "International Investment Position of United States," FOREIGN COMMERCE WEEKLY, Jan. 27, 1945.

mestic demand and prices will probably cause an increase in imports and possibly a decline in exports. Such a rise in imports and fall in exports will cause the country to lose gold and foreign exchange and may produce serious financial embarrassment.

Large Gold Reserves

Difficulties of this nature are unlikely to occur in the United States for several reasons. The most self-evident of these reasons is the enormous size of our gold stocks. They are in excess of $20,000,000,000 and hence large enough to withstand, if the need should arise, a large and protracted deficit in our balance of payments. It is true that a number of foreign countries have substantial reserves. But part of these will be required for early post-war needs, and the aggregate of gold and dollar holdings of all foreign countries combined is placed, according to a recent estimate, at some $20,000,000,000, or only slightly more than the gold holdings of this country alone.

Low Import Ratio

Our relatively high degree of self-sufficiency is another factor permitting the United States unusual freedom of action in pursuing full-employment policies. While our imports bulk very large in world trade, they are small in relation to our domestic business. At the maximum in years of peace and plenty, we have spent only 5 to 6 percent of our national income on imports. Our *marginal* propensity to import is only slightly higher. That is to say, out of each dollar of increase in national income, only about 7 or 8 cents is spent on increased imports, according to the experience of the interwar years.

It is not intended to minimize the importance of that fraction nor to suggest that its small size is an all-around advantage. Our whole foreign-trade position would indeed be much sounder if our import-ratio were larger.

But these figures do have a special significance. Incomes generated by business expansion in the United States are re-expended chiefly on domestic goods and services. Only a small part is spent on imports. It is most unlikely, therefore, that full-employment policies could produce any significant strain on our foreign-exchange position.

Here again the United States stands in a unique position. Other countries, generally speaking, are much more dependent on imports. And as their incomes rise, they spend a much larger share on imports than we in the United States do. According to estimates made by different authorities covering various periods of time, the marginal propensity to import is about 17 percent in the United Kingdom, about 25 percent in Australia, about 36 percent in Canada, and as high as 40 percent in Denmark. In other words, as Danish incomes rise the Danes tend to spend about 40 percent of the increase on imports as contrasted with about 7 or 8 percent that we in the United States would spend in this way.

Such countries as those mentioned obviously do not have the same freedom of action that we have in seeking to expand incomes. If world production and world trade as a whole are growing, including the demand for exports from these countries, they are also free to expand. But if they attempt to expand production and employment in the face of economic stagnation elsewhere, they can do so only if they limit sharply the amount of increase permitted in their imports. Otherwise they would be drained of their gold and exchange reserves and thus compelled to impose restrictions.

Strong Foreign Demand

The strength of foreign demand for imported goods, especially for American-made goods, is a third strong support to our freedom of action in the pursuit of full employment. This demand has already been mentioned in connection with the possibilities of capital investment abroad. We may also be reasonably sure that any additional dollars provided through increased American imports will be re-spent by foreign countries on our exports. To some extent this assurance rests, in the short run, on the acuteness of foreign needs for relief and reconstruction. But in the long run it rests on such solid ground as the high quality and technical superiority of American goods.

Development of these foreign markets will, of course, continue to require the ingenuity and resourcefulness of our exporters. But, if these individual traits may be taken for granted, the size of our export markets need be limited only by the dollars we pay out through imports, investments, and other channels.

Other countries are lacking this assurance. It is true that an increase in a particular country's imports has a stimulating effect on incomes in other countries and tends to raise world trade generally. But foreign countries enjoy far less certainty than we do that an increase in their own imports will be accompanied by a compensating rise in their own exports. This is largely because of the dynamic nature of demand for the typical products of American industry—machinery, tools, automobiles, trucks, radios, other electrical equipment, and virtually the whole gamut of our industrial production. A German study made several years ago developed the interesting fact that the bulk of American exports consisted of goods for which international demand was expanding vigorously. By contrast, British exports were concentrated in goods which experienced a relatively unfavorable development in world trade. German exports occupied an intermediate position.

Future Uncertainties

Up to this point attention has been called to our extraordinary capacity to produce and to provide capital for investment abroad as well as to the several factors permitting this country unusual latitude to promote production and employment without danger to its foreign-exchange or balance-of-payments position. There is, however, another characteristic of our position which presents in some respects a less happy contrast with other countries—namely, a feeling of uncertainty, both at home and abroad, as to the actual achievement of these possibilities.

This uncertainty stems in part from the somewhat volatile behavior of the American economy in the past—the violent boom-and-depression sequence immediately following the last war—the plunge into the Great Depression of the early thirties—the sharp recession in 1937–1938.

A current cause of uncertainty as to our future prospects lies in the vast problem of converting from war to peace. Beyond the transition period we face the continuing problem of readjustments in production and consumption that will be required to maintain reasonable stability of employment at satisfactory levels.

It is the significance of these problems for our international position rather than their domestic aspects with which this discussion is concerned.

Other countries will face problems no less trying than those confronting the United States. But most of them have little reason to question the strength of their home markets for all that can be supplied to them. Their problems in this sphere will be how to provide enough. Doubt arises chiefly with regard to the prospects for their export markets. They are concerned both as to the outlook for employment in their export industries and as to their capacity to earn thereby the foreign exchange required to procure their imports and meet debt service on their borrowings.

Past Instability

This questioning is largely directed toward the United States as the prime mover, so to speak, in the world economy. The basis for this particular interest in American developments may be illustrated by reference to an unfortunate episode in our international transactions. During the late twenties the United States paid out more than $7,000,000,000 each year to foreign countries. This was chiefly against imports but also included substantial amounts in the form of travel expenditures, other service outlays, and new investments abroad. The world economy had become fairly well adjusted to a volume of exchange with the United States at that level. This means incomes and prices, buying habits, channels of trade, the international debt structure, and exchange rates between national currencies.

By 1932, 3 years after the Great Depression began, the volume of dollars paid out by the United States had fallen to $2,400,000,000. This was only one-third of the 1929 amount. Many factors contributed to the world depression and its unfortunate consequences. But the abrupt contraction in our dollar payments abroad was a particularly grievous burden. During this period foreign countries owed the United States about $900,000,000 each year on contractual obligations, including war-debt payments

(Continued on p. 15)

Export Ebb and Flow of Russian Petroleum

By L. M. HERMAN, *Russian Unit, Bureau of Foreign and Domestic Commerce*

ON THE EVE of the present war the U. S. S. R. was producing more petroleum than any other country except the United States. With an annual output of 32,000,000 tons of crude oil in 1938, the U. S. S. R. accounted for 10.3 percent of world production. The outbreak of the war found the Soviet Union in the midst of the third of a series of 5-year plans for the rapid mechanization of the country's economic processes. Between the first and the third quinquennial plans, the oil industry specifically had progressed by steady and impressive stages from an output of 12,316,000 metric tons in 1928 to 32,231,000 metric tons in 1938.

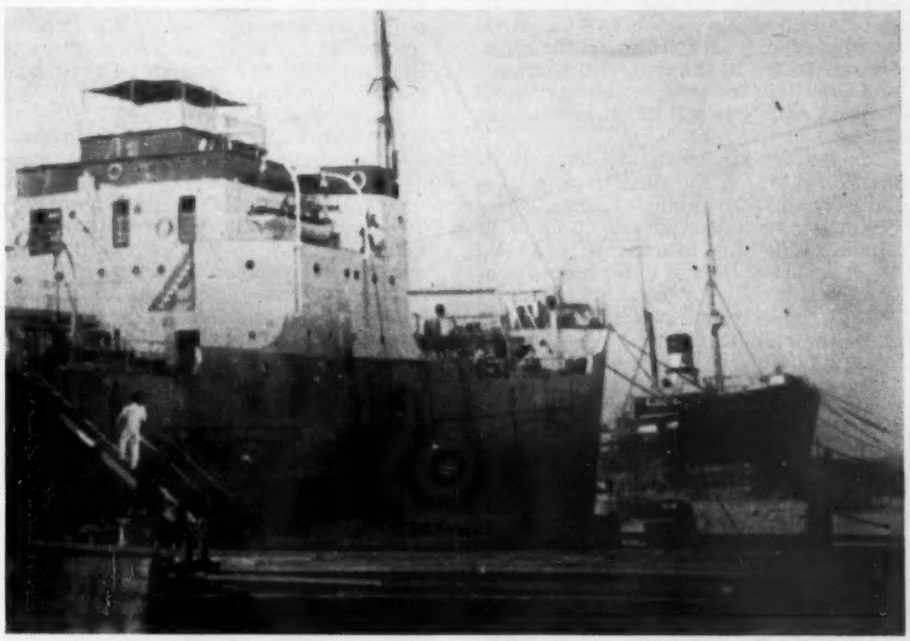
The war years, furthermore, added a terrific impetus for accelerating still further the expansion of so vital an industry; at the same time, the impact of enemy action on the centers of oil production was negligible. Quite naturally, the recent record of the Soviet Union as an important petroleum producer has prompted many observers to inquire whether in the post-war period large quantities of Soviet oil will be available for export to the world market or, as it is sometimes phrased rather alarmingly, whether the U. S. S. R. will constitute a source of serious competition to the marketing of United States petroleum products. Perhaps the answer to this query may be read in a review of the Soviet Union's past experience in the field of petroleum exports, particularly in the light of such conditions as have tended to favor large shipments abroad.

Early Development

Russia's oil industry antedates that of the United States. The main oil fields of that country, located on the western shore of the Caspian Sea, in the vicinity of the city of Baku, are the oldest continuously producing oil fields in the world. Petroleum was known to exist in this part of the Caucasus, Russia's southern frontier country, for centuries before the territory was wrested from Persia. The burning wells of oil served as an object of worship for an ancient cult, the members of which built stately temples now still intact outside Baku. For many years the inhabitants of this region on both sides of the frontier utilized a small portion of Baku oil, which they baled out in buckets from hand-dug pits, for greasing cart wheels. During the nineteenth century some sustained attempts were undertaken here, as elsewhere in the world, to distill out of petroleum an illuminating oil similar to the "photogen" obtained in Scotland and other parts of northern Europe from shale, coal, and peat. The first kerosene factory on record was built by the Russian merchant Dubinin in 1823 in the small Caucasian town of Mozdok. The history of large-scale petroleum refining does not, however, date from this event. Much research and experimentation, most of it of United States origin, still lay ahead.

Russian entrepreneurs, impelled by United States progress in this field, applied the latest discoveries from the Western Hemisphere to their own huge natural resources, and by 1869 the systematic extraction of petroleum and its distillation into kerosene were established on a firm commercial footing within Russia. For many years kerosene remained the only marketable petroleum product, and all of the residual oil was either dumped or burned in the pits as refuse. Oil continued to be baled out of hand-dug pits about 50 feet deep until 1871, when the first oil wells were drilled and the first "gushers" brought in at the Balakhany fields northeast of Baku. Toward the end of the nineteenth century the country was maintaining a level of petroleum production only slightly less than that of the United States; for about 4 years at the turn of the century Russia actually forged ahead with a marketed production of 8,500,000 metric tons, to become the world's leading producer of crude petroleum. In 1902, when United States production reached 11,800,000 metric tons, Russia again dropped to its former position, remaining in second place until 1918.

The exportation of Russian petroleum began in the same decade in which large-scale production was established. An entry in the customs records for 1873 reports a shipment, bound for Persia, of 500 tons of oil. That country remained the only foreign outlet for Russian oil until 1881, when it was joined by Turkey, Belgium, Germany, and other Near Eastern and European markets. Kerosene, the chief exportable petroleum product, entered the foreign market in substantial quantities. When the Government added this commodity to its long list of products subject to the excise tax in 1887, sales abroad rose prodigiously. By 1895 one and one-half times as much kerosene was sold abroad as was distributed



Courtesy Amtorg

Foreign tankers in the Soviet Black Sea port of Batum (in the early 1930's).

throughout the potentially huge domestic market.

Growth of Kerosene Exports After 1886

Year	Metric tons
1886	150,000
1887	193,000
1888	448,000
1889	572,000
1890	651,000
1891	738,000
1892	789,000
1893	814,000
1894	697,000
1895	833,000

Among the specific conditions which served to stimulate the growth of exports during the early stages of the industry were (1) the peripheral location of Russian oil fields which were in closer touch with many foreign countries than with the main centers of domestic consumption, (2) Russia's inadequate system of roads which made effective domestic distribution of the products of Baku difficult except in the region of the Volga waterway, (3) the primary concern of some of the leading foreign firms in the Baku oil fields, notably the Nobel Brothers of Sweden and the Rothschilds of Paris, with the export phase of the industry, as evidenced by the introduction of most of their technical improvements in the fields of packing and transportation, and (4) the policy of the Tsarist Government which, in addition to collecting an excise tax of 2 cents per pound of kerosene, and maintaining an import duty against strong American competition, granted special freight rates for oil shipments via the State-owned Trans-Caucasian railroad plus a 4-percent bounty on all exports of domestic oil.

The peak year for production and exports during the early period was 1904, in which 10,866,000 metric tons of crude oil were produced and 1,600,000 tons of kerosene were exported. One year later, however, torn by war with Japan, a full-scale revolution at home, and civil strife in the Caucasus, the nation temporarily lost its grip on the world market. Rival supplies of oil from Burma and the Netherlands Indies in the east, and Rumania and Galicia in the west, seriously reduced Russia's ability to sell its oil products at the previous volume.

Thereafter, during the decade preceding World War I, the Russian petroleum industry annually produced about 7,000,000 metric tons of crude oil, the bulk of which was distilled into kerosene to yield about 1,600,000 tons of various grades of illuminating oils. Approximately one-half of the kerosene was exported, and all of the residue, or "mazut," selling at low and fluctuating prices, was consumed domestically as fuel oil by the railroads, steamships, and numerous industrial plants along the Volga.

When the foreign market for kerosene deteriorated after 1905, Russian exporters succeeded in increasing their sales of lubricating oil abroad, chiefly to Germany and the United Kingdom, reaching an average of 240,000 metric tons annually during the 5 years immediately preceding World War I. Gasoline was a late comer in Russia's inventory of refined products in the export trade. As in the case of lubricating oil, foreign sales (100,000 tons annually) exceeded those in the domestic market (80,000 tons). In the course of these years (1909–13) Russia's foreign trade in petroleum was carried on chiefly with the United Kingdom (20.2 percent), Turkey (14.9 percent), France (14.7 percent), Germany (11.6 percent), Egypt (11.1 percent), and Belgium (9.0 percent).

Courtesy Amtorg

View of "Black Town," in the Baku oil fields.

The World War of 1914–18, which closed the Dardanelles to Russian shipping, brought its foreign trade in oil to a standstill. Working for the first time in its history solely for the home market, the petroleum industry kept up its output at a relatively normal rate during the 4 years of war. In a country where oil was always, by sheer necessity, a natural substitute for coal, the bulk of the temporary surplus was readily diverted for the use of the railways, which formerly had imported 25.5 percent of their coal supply from abroad. In the civil war that followed, however, work in the oil fields frequently was interrupted, and total production in 1918 declined to 3,600,000 metric tons, or the rate of output in 1890. Both Baku, the major producing center, and Batum, the chief oil port, fell under temporary foreign occupation, and the labor force of Baku was seriously reduced by emigration. By 1922, however, political conditions in the Caucasus, traditional frontier country of the U. S. S. R., had become stabilized sufficiently to make possible the return to regular production.

After the Revolution

In comparison with most of the Soviet's disrupted industries, petroleum was in a favorable position for a quick recovery. Its raw materials and equipment were fairly localized (70 percent were near Baku) and, therefore, easily amenable to the kind of centralized management contemplated by the new Soviet Government for its basic industries.

Regardless of the return to limited private trading and production under the Reforms of August 1921, the so-called New Economic Policy (N. E. P.), the oil industry remained entirely a State enterprise, belonging, according to official doctrine, in the category of the so-called "commanding heights" from which the Soviet proposed to direct and plan the economic affairs of the nation. The adoption of this new policy, however, did lead to the abandonment of the barter system; whereupon money promptly resumed a leading role in the exchange of goods, particularly between the village and city.

In order to induce the rural population to part with its grain, the Government resumed the importation of consumer commodities from abroad. For the procurement of foreign exchange with which to finance such imports, the products of the rapidly reviving petroleum industry readily suggested themselves as a leading possibility. Thus the first post-war sale of petroleum abroad came with a consignment of gasoline shipped to France in December 1921, almost simultaneously with the return to a money economy.

For the first few years of economic reconstruction, petroleum accounted for a large part of the meager export trade of the Soviet Union, averaging well above the 2.4 percent it had represented in the 1913 export by value. The table at the top of page 7 shows the relative importance of total exports and petroleum exports from 1922 through 1926.

The fact that petroleum exports, soon after they were resumed, developed more rapidly than production, can be explained only partly by the country's need to pay for indispensable imports. To a considerable extent this rapid development was also the effect of chaotic conditions and the resultant high prices on the home market. The system by which petroleum products reached the

Value of Total Exports and Exports of Petroleum Products

[In thousand rubles]

Item	1922	1923	1924	1925	1926
Total exports	277,900	583,400	1,626,100	2,447,300	2,963,600
Petroleum exports	44,269	46,008	194,257	291,787	332,744
Percentage	15.9	7.9	11.9	11.9	11.2

ultimate consumer was both cumbersome and costly. An improvised Government sales agency carried the oil to the large distributing centers where, of necessity, it passed into the hands of private traders who operated with a depreciating currency and without proper credit facilities, plying their trade at high prices and at great risk. By comparison, the produce of small operators brought low prices. Consequently, the purchasing power of this large class of consumers of kerosene during this critical period (remembered by the Soviets as the "Scissors" crisis) was indeed low. In the year 1922 only 298,000 metric tons of kerosene were sold within the new frontiers of the Soviet Union, as compared with 900,000 metric tons in 1913. Consumption of lubricating oil declined from 123,000 metric tons in 1913 to 51,000 metric tons in 1922. The operating railroad mileage shrank from 64,313 kilometers before the war to 25,108 kilometers in 1922, thereby reducing enormously the fuel requirements of the largest single consumer of liquid fuel. In addition, at that time 61.6 percent of all locomotives were in need of repair. Inevitably, steadily rising petroleum production, coupled with a slump in purchasing power at home and the Government's need of foreign exchange, impelled the Soviet petroleum industry to resort to the foreign market as soon as it was feasible.

The task of rebuilding anew a complete export apparatus was not without its peculiar difficulties, however. After 7 years of absence from the foreign market, the Soviet oil industry was out of contact commercially with former European and Eastern importers; it had no storage or distribution facilities abroad. In most of the former Soviet trading territory, new and powerful distributors, representing the two great international combines, were solidly entrenched. As was to be expected, the greatest obstacle was the attitude of distrust prevailing in the commercial world toward the untried system of State trading which the Soviets intended to practice.

Trusts and Syndicate

Under Government management all production of oil was consolidated under three operating trusts built around Baku, Grozny, and Emba, and a single sales agency, the "Oil Syndicate," was organized in October 1922 to represent these producing trusts at home and abroad. So far as possible the foreign department of the "Oil Syndicate" resembled a large trading company, with its own offices, branches, and agencies in the important commercial centers. It was empowered to participate in mixed stock companies, with a vice president of the syndicate, permanently residing abroad, in charge of all foreign business. After some experience in concluding casual sales transactions, the Syndicate adopted a policy of sales on contract, long-term preferred, for continuous delivery. An early purchaser of Soviet oil products was the German firm of Stern & Sonneborn, closely connected with the Royal Dutch Shell interests. The Shell firm bought its first 200,000-ton shipment of Soviet oil for its Indian market in 1922. Other large purchasers were the French "Petrofina Française," the "Azienda Generale Italiana Petrolii," and the Spanish "Compañía Arrendataria del Monopolio de Petroleos." The Syndicate established its own wholesale and storage facilities in Turkey, the United Kingdom, and the Baltic States.

Classes of Products

Kerosene almost at once re-emerged as the leading oil product in the slowly but steadily reviving export trade of the Soviet Union, selling at first in somewhat smaller quantities than in 1913 but in about the same proportion to the total oil exported, namely, about 47 to 48 percent. In 1924, 327,000 metric tons of illuminating oils were sold, as compared with the annual average of 458,000 metric tons in the 5 pre-war years. Lubricating oil made a slower recovery on the market. In 1924, when a total of 720,000 metric tons of all oil products were sold as against 311,000 metric tons during the preceding year, the quantity of lubricating oil sold rose from 59,000 to 83,000 metric tons, reflecting somewhat the debilitated state of German industry, which alone in 1912 had consumed more than 82,000 metric tons of Soviet lubricants.

Exports by Product, 1923–25

[In thousand metric tons]

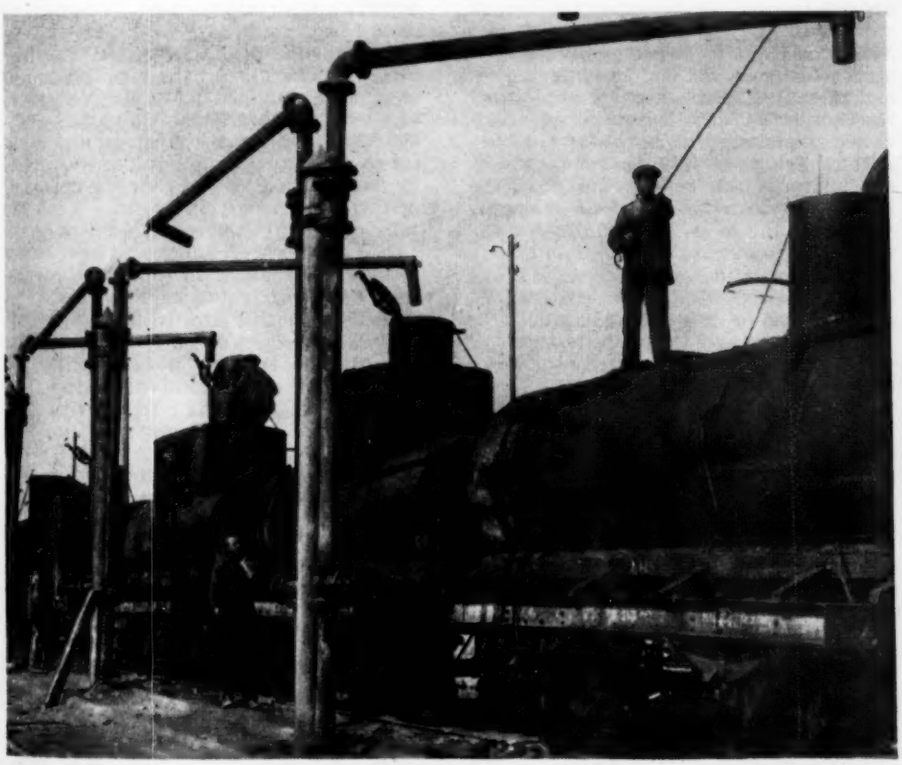
Product	1913	1923	1924	1925
Fuel oil	[1] 39	38	112	486
Kerosene	431	188	372	424
Gasoline	152	41	134	275
Lubricants	237	59	131	182
Total [2]	911	309	722	1,392

[1] Crude and fuel oils.
[2] Figures in total are not the sum of items listed.

Traditionally, kerosene and lubricating oil combined constituted most of the Soviet oil exports, totaling 99 percent in 1904, the peak pre-war year for exports, and 77 percent in the last pre-war year, 1913. One of the striking developments of the Soviet Union's reconstituted post-war trade, however, was the steady strengthening of gasoline and fuel oil in the export pattern of that country at the expense of kerosene and lubricating oil. Fuel oil, in particular, which hitherto was marketed only at home, and at highly unstable prices, found a spirited demand abroad. Between 1923 and 1925 exports of fuel oil increased thirteenfold, and simultaneously the British share in the Soviet exports of oil during these 3 years grew to 44, 42, and 52 percent, respectively.

Back in the Market

Thus, within 3 years after the end of the civil war, and in the face of obvious handicaps, the Soviet Union was back in



Courtesy Amtorg

Loading oil into tank cars at Baku.

the world petroleum market on a scale at least comparable to that of 1913. In some respects, indeed, the country's revived oil exports showed a more profitable trend. Specifically, kerosene which had been a glut on the market and was frequently sold at a loss, began to recede from its previous dominating position, whereas the highly profitable gasoline began to gain conspicuously. Soviet gasoline, furthermore, because of its quality, usually commanded a price 6 to 7 percent higher than the United States product. In response to the increased demand abroad for gasoline, the Grozny fields, where the crude product was especially rich in the light fractions, underwent a great expansion in drilling activity, and accordingly the contribution of Grozny wells to the total output of crude oil increased to 30 percent in 1926, as against 13 percent in 1913.

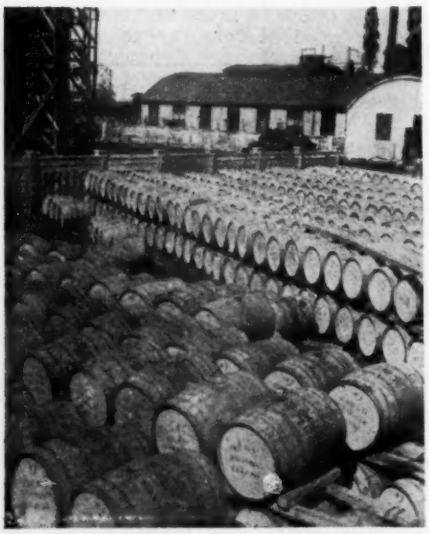
The short hauls and low freight charges by which Soviet oil was delivered around the Mediterranean area attracted the interest of a number of large buyers. In France and Italy the Oil Syndicate signed contracts with the Navy Departments of the two countries for delivery of fuel oil to their fleets. In Spain, an agreement with the firm of "Campsa," which secured a monopoly for distribution, guaranteed Soviet petroleum more than 50 percent of the Spanish market.

Since 1925 two United States companies, the Standard Oil of New York and the Vacuum Oil Co., had been regularly buying Soviet oil, particularly Baku kerosene, which they delivered to Near Eastern and Indian markets, instead of United States petroleum shipped from Texas ports—an expedient similarly resorted to by the Asiatic Petroleum Co., a subsidiary of the Royal Dutch Shell. In the summer of 1927, however, after the break in Anglo-Soviet relations, Sir Henry Deterding, president of Shell, unexpectedly served notice on the two companies, stating that if any Soviet oil continued to arrive at Indian ports after September 1927 he would proceed to reduce prices on superior grades of oil. The United States companies failed to see the sudden "immorality" of trading in Soviet oil, and held their ground in the ensuing bitter price war, until Shell came to terms in a comprehensive agreement covering the whole market.

To the Soviet Oil Syndicate, whose product was under similar pressure on the German market and elsewhere, this incident served as a painful warning that its opportunities to sell abroad would remain limited until its right to sell any given quantity in any market was recognized by the big oil combines.

U. K. as Proving Ground

Accordingly, when the Syndicate decided to make the United Kingdom, Shell's home territory, the proving ground, a dispute followed in which the enormous resources of the two combatants were pitted against each other in a drastic price war and a world-wide exchange of acrimonious publicity. The Oil Syndicate, through its British-registered subsidiary, Russian Oil Products, Ltd., began retail operations, distributing directly its own products at competitive prices through a chain of 5,000 pumping stations and greatly expanded storage facilities. It also offered attractive wholesale contracts to large independent distributors and municipalities. Shell countered with paid advertisements in the press, and display cards at stations and public places throughout the country, urging a boycott against the "stolen oil" offered at low prices.



Courtesy Amtorg

Barrels of Soviet oil ready for export to western Europe and the Near East—before the outbreak of World War II.

The rock against which the boycott ultimately foundered was the economic reaction of the individual British consumer. Despite the emotional appeal, 150,000 tons of the low-priced Soviet oil were sold to British motorists during 1928, and R. O. P. at once emerged as a strong factor on the United Kingdom retail market. Confronted with this fact, the Standard Oil Co. of New Jersey abandoned its nominal adherence to the boycott in February 1929 and, through its subsidiary in the United Kingdom, the Anglo-American Co., signed a 3-year contract with the R. O. P. providing for the immediate purchase of a large quantity of Soviet oil and for future annual increases in proportion to the growing oil consumption on the British market.

A major obstacle in the path of Soviet petroleum exports was thus swept away with the collapse of the boycott. As an immediate result of the contract signed with Standard of New Jersey, the Soviet firm in 1929 sold twice as much oil on the British market, and considerably more on the world market, than during the previous year.

The table at the top of the next column shows the relationship between the Soviet Union's total oil exports and oil exports to the United Kingdom from 1927 through 1931.

As a matter of precedent, the agreement, which was concluded in the name of the Royal Dutch Shell, and Anglo-Persian as well, dropped the issue of the 5-percent rebate for compensating former owners of oil properties in the Soviet Union, a condition on which Sir Henry Deterding had hitherto insisted whenever Soviet oil was involved. Moreover, the Soviet Oil Syndicate by proving itself capable of far greater flexibility and competitive power than were credited to it by opponents and outside observers alike, thus earned for itself the status of an independent and equal factor in the world oil market.

Exports of Oil, Total and to United Kingdom

[In thousand tons]

Item	1927	1928	1929	1930	1931
Total exports	2,086	2,783	3,858	4,712	5,224
Exports to United Kingdom	392	432	822	1,020	1,084

Modernizing the Industry

Since 1924, when leading Soviet oil executives toured United States petroleum centers, a systematic drive to modernize the oil industry as rapidly as possible has been a part of high economic policy. With the aid of equipment bought in the United States and Europe, the Soviet Union succeeded in replacing its primitive methods of baling with deep pumping, so that the former method accounted for only 6 percent of total oil extraction in 1928 as compared with 36 percent in 1924. In drilling new wells the modern rotary method steadily superseded the old percussion method, increasing its share in the total drilling accomplished from 41 percent in 1924 to 71 percent in 1928.

By way of improving export facilities, the Soviet oil authorities concentrated on increasing the proportion of refined oil to the total crude output and on lowering transportation costs. The port of Tuapse on the Black Sea was drawn into the petroleum orbit, connected with the Grozny fields by a pipe line 390 miles long, and equipped with new refineries and workers' dwellings at a cost of $30,000,000. Additional refineries, including up-to-date cracking plants, were erected at Batum, raising the refining capacity of the basic Azneft Trust from 2,400,000 tons of oil in 1924 to 5,300,000 tons in 1928. Domestic refineries in the latter year were treating 75.7 percent of the total crude product as against 61 percent in 1913. Another new 10-inch pipe line, 535 miles long, was laid between Baku and Batum, running parallel with the older 8-inch line in existence since 1905. Originally a kerosene carrier, this line was entirely overhauled and adapted to crude oil instead. The new Baku-Batum installations, calculated to effect a 60-percent reduction in transportation costs, were made at an expenditure of $35,000,000. Typically, most of the pipe was bought in Germany on credit, whereas the mechanical equipment, paid for in cash, came from the United States, where $15,700,000 was spent between 1926 and 1928, 60 percent of it during the latter year.

During the 5 years of reconstruction, capital investments in the oil industry, expressed in millions of dollars, increased at the following rate: 1924, 40.2; 1925, 59.0; 1926, 75.9; 1927, 97.6; 1928, 105.8.

These investments, heavily weighted as they were toward the transportation phase of the industry, were made primarily with a view to facilitating the maximum expansion of exports on the eve of the Soviet Union's ambitious industrialization program, the 5-year plans. Since the petroleum industry was still far ahead of the nation's fuel requirements, particularly in automotive fuels, the Soviets looked to petroleum as a means of procuring as much foreign exchange as possible to help pay for the heavy imports called for in connection with the First 5-Year Plan.

Trading Oil for Machinery

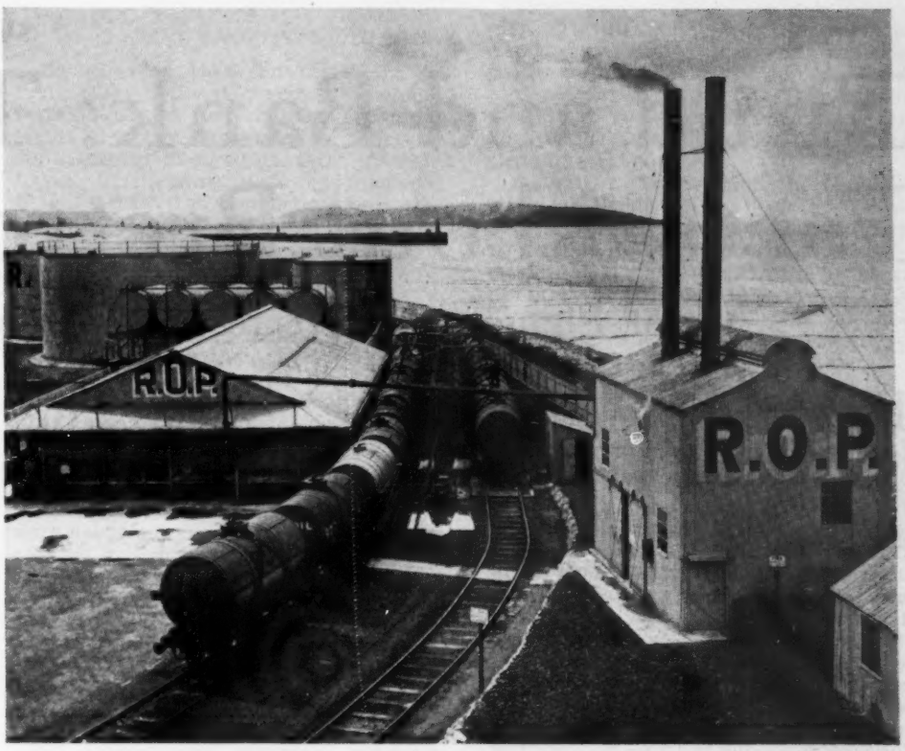
At the time of the launching of the First 5-Year Plan in 1928, the petroleum industry, unique among the major branches of Soviet economy, had not been merely restored to its pre-war level. With the aid of imported equipment it had been considerably mechanized and put in a fair way to embark at once upon an augmented schedule of production. On the basis of the recently added facilities, the program of the First 5-Year Plan, although allocating an increase of only 7 percent in the labor force of the industry, called for a doubling of production by 1933. In its drilling, extracting, and refining operations, the industry had largely changed to the methods prevailing among the most advanced oil producers in the world, with 94 percent of the Baku wells electrified in 1928 as compared with 30 percent in 1913.

On the export side, the industry by 1928 had made a still better showing. Soviet petroleum was back on the world market at three times the volume of 1913. Most of the importing countries appeared capable of absorbing greater quantities of Soviet oil, and once a modus vivendi with the oil trusts had been negotiated, and export facilities modernized, Soviet petroleum was ready to flow abroad in record quantities.

The natural outlet for Soviet petroleum was the oil-deficient European continent, which took 81.1 percent of its exports in 1929, 82.2 percent in 1930, and 83.9 percent in 1931. In every European country of any appreciable size the Soviet Oil Syndicate had either its own distributing system or a large-scale buyer of its products. A glance at the table below will reveal that most of the Soviet Union's surplus oil products was distributed among the six continental countries with which the Oil Syndicate maintained regular contractual relations.

After the agreement with the trusts, Soviet oil, particularly gasoline, became firmly established in the United Kingdom, and supplied about 10 percent of the demand in 1929. There the Oil Syndicate, through its subsidiary, the R. O. P., maintained the largest chain of pumping stations outside of its own country, retailing in competition with the world oil combines and exercising a strong influence on the price structure in that area. A number of large municipalities operating their own busses regularly bought a portion of their fuel supply from the R. O. P., and occasionally a corporation (municipality), such as Birmingham or Glasgow, granted its entire order to the Soviet company.

In return, the Soviets ordered mechanical equipment and tankers in the United Kingdom. The pay roll of the Soviet oil organization in the United Kingdom reached £200,000 annually, some of it going to pay the all-British crews on the Soviet oil tankers. In all, during its 4 best years in Britain, the Soviet petroleum industry sent between 15 and 20 percent of its total exports to that market.



Soyuzphoto

Russian Oil Products, Ltd., oil-storage plant and rail terminal in England.

Sales in Germany

In Germany, after a brief period of selling through importers, a mixed company called the "Derunaft," was organized with the participation of the Oil Syndicate for the direct distribution of Soviet oil products. In 1927, the Syndicate, by founding its own retail organization, also in cooperation with German capital, forced the other oil companies into an agreement as a result of which Soviet gasoline obtained a larger share of the German market. By 1931 imports of gasoline from the Soviet Union exceeded those of all major suppliers except the United States, and finally surpassed those of the latter country in 1933.

(Continued on p. 44)

Exports of Petroleum Products by Countries

[In metric tons]

Country	1930	1931	1932	1933	1934
United Kingdom	1,020,338	1,084,377	621,606	312,398	452,793
Italy	887,802	1,079,721	1,055,900	998,682	622,099
France	550,975	837,496	967,224	719,230	730,491
Germany	448,939	399,302	540,369	505,500	458,630
Spain	318,752	123,160	431,051	342,158	493,546
Belgium	167,373	272,480	277,879	259,652	148,144
Total [1]	4,712,000	5,224,000	6,106,000	4,894,000	4,315,000

[1] Totals shown are not the sum of items listed.

United Kingdom's Share in Soviet Oil Exports

[Quantities in metric tons]

Item	1928		1929		1930		1931	
	Quantity	Percent	Quantity	Percent	Quantity	Percent	Quantity	Percent
Total oil exports	2,783,000	100.0	3,816,400	100.0	4,803,000	100.0	5,280,000	100.0
To the United Kingdom	432,400	15.2	803,300	21.0	973,100	20.4	1,031,100	19.5

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Fund and Bank: The Basic Facts About Bretton Woods

Major Elements of Strength and Logic in the Plan

By Honorable WAYNE C. TAYLOR, *Under Secretary of Commerce, before the Banking and Currency Committee of the House of Representatives*

EVEN A CASUAL inspection of foreign-trade and investment developments from the end of the last war to the beginning of the present war shows that our past experience has been far from satisfactory. It may be characterized briefly as erratic and unstable. Our foreign trade fluctuated violently during the interwar period. One of the most drastic changes was from 1929 to 1932, when our exports and imports alike declined by some 70 percent. Thereafter we experienced only a partial recovery in foreign trade, which operated as both cause and effect in our incomplete domestic recovery. No established foreign trader needs to be reminded of the foreign-exchange problems which he faced during that time—the risks and uncertainties in buying and selling goods in times of exchange fluctuations—the difficulty in penetrating exchange barriers abroad and in collecting payment for exports when other countries were short of dollars with which to make payment.

With regard to foreign investments, I scarcely need recall our uncoordinated lending activities in the twenties and the abrupt cessation of these activities in the thirties. Our returns on foreign investments have not been as bad as many critics maintain, but the record does clearly show the effects of our hit-or-miss policies as an investor and of our instability as a creditor.

The only reason I direct attention even briefly to the past record is that many of the critics of the Bretton Woods proposals seem to have, on occasion, very short memories. I often see references to the "tried and proven" methods of the past. The record does not indicate much worthy of emulation.

The Fund's Prime Purpose

In the view of the Department of Commerce, the proposed Fund should be regarded as an endeavor to establish the international monetary relationships essential to the successful conduct of foreign trade and investment. It is an attempt to create an international monetary system. Let me emphasize—an *international monetary system*. Those words go to the heart of the question so far as the Fund is concerned. And it is here, in my judgment, that the critics of the Fund have seriously erred in failing to consider realistically the alternatives to the system agreed upon at Bretton Woods.

Let us approach the question from the standpoint of the foreign trader, whose activities are of such great importance to the prosperity of the Nation.

In addition to all of the other risks which any businessman must face, the exporter has to consider whether he will be able to get his money out of the country to which he sells. Will the proceeds of his sale be convertible back into dollars? In other words, can the foreign importer take his own currency to his bank and buy a dollar draft payable to the American exporter? Or will the proceeds be blocked and held idle abroad? Or will the use of the money be restricted, for instance, to expenditure on tourist travel, in which the exporter may have no immediate interest?

And if the exporter is able to get his money out, at what rate of exchange can he do so? Will it be the rate on, say, the franc or the pound prevailing at the time the sale contract is made? Or will it be some lower rate? If the rate between the dollar and the foreign currency fluctuates, who is to bear the exchange risk? Somebody has to do so, if business is to go on.

The exporter must consider not only the rate between the dollar and foreign currencies but also the rates between different pairs of foreign currencies. What about the position of competing exporters in other countries? Will the American exporter suddenly be driven out of foreign markets because foreign currencies are arbitrarily cheapened and his competitors are thereby given an unfair advantage? What, if anything, can the individual exporter, or his banker, do to protect himself against such competitive currency depreciation?

Importers and Investors

Nor should we neglect that very important individual, the American importer, who pays out the dollars that foreign countries must acquire if they are to buy goods. The importer faces most of these problems in reverse. Can he place his orders abroad in full confidence? Or must he hesitate and delay lest foreign-exchange rates fall and his competitors succeed in getting the same goods at lower prices?

We might also consider these questions for a moment from the standpoint of the investor. Here the currency and exchange relationships are even more critical because the obligations may extend over a long period of years.

These problems and many others of like nature do not arise in domestic business transactions because we have a unified currency and banking system. We still face many important domestic monetary problems. But the businessman and trader is at least free from worry that his funds will be blocked or that his dollar assets in Los Angeles, for instance, will depreciate as compared with his dollar obligations in Chicago. His funds can be freely shifted about within the country, and there is no uncertainty, beyond the usual credit risks, as to the ability of his customers to make payment and no concern as to the value of the currency in which he receives payment.

Past Inadequacies

We have no such unified and smoothly working monetary arrangements in the international sphere. And, except for a very short time during the latter part of the nineteen-twenties, we have not had anything approaching an international monetary system for 30 years—not since the gold standard broke down under the stress and strain of the First World War. To be sure, we have had monetary *relationships* with other countries. But they have been chaotic rather than orderly. The entire interwar period was characterized by exchange instability, on the one hand, and by improvised, unrelated attempts to rectify the situation, on the other hand. These attempts have been made chiefly along national and uncoordinated lines. The history of exchange fluctuations and exchange control bears sufficient testimony to the inadequacies of these efforts.

I do not mean to suggest that we should attempt to construct an internationally unified currency and banking structure comparable to that which the various countries have at home. No one is seriously proposing such a thing now. We must, however, move rapidly in the direction of a more orderly set of international monetary arrangements unless

we are to abandon hope of an expanding world economy and fall back everywhere on narrow economic nationalism.

Essential Features of System

What, then, are the essential features of an international monetary system and how are they provided for in Bretton Woods and other plans or counter-proposals? We suggest that an international monetary system must provide the following:

(1) A high degree of exchange stability among the various national currencies.

(2) Freedom to transfer the proceeds of legitimate trade and investment transactions from one country to another.

(3) Adequate liquid resources to tide over temporary exchange difficulties or to permit time for more basic readjustments.

(4) International cooperation to integrate and conciliate national monetary policies in dealing with common economic problems.

Stability and Convertibility

As to the first of these key points, we know that we can never attain complete international exchange stability this side of a monetary Utopia with a universal currency and banking system. But we must aim toward the maximum possible stability of exchanges so that foreign traders and investors may be reasonably assured against arbitrary, capricious, or competitive reductions in the values of foreign currencies.

But stability of currency relationships is of little avail if it is achieved by rigorous exchange controls restricting normal business operations. An international monetary system must therefore provide, or aim toward, multilateral convertibility. It should be possible for the owner to recover the proceeds of sales of goods and services and of ordinary investment transactions without restriction or discrimination.

Exchange stability and convertibility cannot be maintained, however, unless the members of the international system have at their disposal adequate gold and exchange resources to settle temporary discrepancies in their accounts with each other. They must either own such resources or have access to a common fund. This means, in the international sphere, something closely analogous to the rediscount privileges of member banks of the Federal Reserve System in this country. Such arrangements are an established principle of central banking wherever it is practiced. If the members of the system, whether national or international, do not have such drawing privileges, they cannot proceed with confidence in the ordinary course of trade financing. And in time of stress they may be compelled to block claims accruing against them. International liquidity is the only satisfactory means of tiding over temporary exchange needs or of permitting gradual adjustments to more basic disturbances.

Monetary Cooperation

Decisions on these questions are of more than national concern. The determination as to whether exchange needs are only temporary or reflect a fundamental disturbance is of interest to all the trading partners involved. Under the Bretton Woods proposals, the right to draw upon the liquid reserves of the international system cannot exceed definite limits without the consent of other interested parties. It may be necessary to question and investigate whether the member drawing on these reserves is using them in a legitimate manner. It may also be necessary to insist upon repayment of the reserves drawn upon and to provide definite procedures governing return of the funds. All of these questions entail international discussion and collaboration. This cooperation between the various national monetary authorities is the last of the four principal features I have mentioned as essential to an international monetary system. May I summarize these key points in a few words each as follows:

(1) Maximum stability of exchange rates.

(2) A multilateral payments system.

(3) International liquidity.

(4) International monetary cooperation.

Agreement Is Explicit

These essential features are well provided for in the International Monetary Fund drawn up at Bretton Woods. What impresses us about the document is precisely the fact that these features have been *written out in detail* and *agreed to* by the representatives of 44 nations as a set of working principles which can be known and understood in advance.

The agreement states, as clearly as anyone could hope for at this time, how the exchange rates between the various currencies are to be determined initially. It prescribes how, and under what circumstances, and within what limits these rates may be altered. Clear prohibitions are imposed against exchange controls, discriminatory currency arrangements, and multiple currency practices; any exceptions are explicitly limited to temporary situations. The plan provides for the contribution, through quota arrangements, of resources necessary to provide international liquidity for oiling the wheels of commerce and for meeting temporary exchange shortages arising from fluctuations in international trade. The right to draw on the exchange resources of the Fund is clearly set forth to promote that feeling of confidence necessary to the revival and growth of trade. But access to these resources is circumscribed to prevent their depletion or their use contrary to the legitimate objectives of the Fund. International monetary cooperation is, of course, an organic part of the whole plan.

I shall not attempt to expound the detailed mechanics of the proposed Fund. But I want to emphasize strongly our belief in the necessity of these detailed provisions. If they are complex, it is because international trade and finance are complex. The Bretton Woods agreement is a sincere attempt to lay down in advance the essential "rules of the game." They are open for all to study. They are an attempt to go as far as possible in the direction of developing a rule of law instead of a rule of men.

In brief, we believe that the very detailed provisions of the Fund are probably not a disadvantage but are actually an element of strength. The weakness in most of the criticisms of the proposal lies precisely in their failure to face realistically the task of prescribing in adequate detail the policies and procedures that must be developed in this sphere.

Are Alternatives Feasible?

Let us now glance briefly at some of the possible alternatives to the Fund and see how far they go in providing the essentials of a workable international monetary system.

The first possibility is, of course, to go back to the situation which prevailed after 1929. This would mean abandoning the effort to construct an orderly set of international monetary relationships. If the possibilities of altering par values under the provisions of the Fund Agreement should appear liberal, consider the pre-war situation. There was no limit whatsoever on the right of any country to manipulate its currency at will, regardless of its neighbors' rights or interests.

On this score, Bretton Woods is a tremendous step forward. It is pointless to say that the Fund goes beyond the principles heretofore accepted by the United States in recognizing and approving changes in currency values. We have never had any choice in the matter in the past. Nor will we have in the future if Bretton Woods should fail of adoption, except as we may sporadically, here or there, attempt to bring our financial power into play. Likewise, the general obligations set forth in the Fund Agreement with respect to avoidance of exchange control should be contrasted with the epidemic of exchange restrictions that grew up before the war.

A second possibility is to follow a wait-and-see policy. I recognize that a number of persons sincerely believe that we should proceed slowly in this matter of international monetary cooperation. But I fail completely to see what they expect to gain thereby. As compared with the specific advantages which we have achieved in the Bretton Woods agreement, what are the prospects for a policy of delay? Could we hope to obtain agreement later on some perhaps superior plan for an international monetary system? At Bretton Woods many foreign countries made what they considered to be very important concessions to our insistence on the greatest possible measure of exchange stability and convertibility. These concessions have been under sharp attack abroad by interests anxious to retain greater freedom of action to vary exchange rates and to exercise restrictive controls. If we now fail to establish the basis for an international monetary system, the forces of economic

(Continued on p. 42)

Brazil's Sugar Industry

By HUBERT MANESS, *American Vice Consul, Rio de Janeiro,* and U. H. WILLIAMS, *formerly Junior Agricultural Analyst, now in the U. S. Navy*

BOTH THE SUGAR INDUSTRY and the alcohol industry, developed to utilize surplus sugar, are of great importance to the general economy of Brazil. Sugarcane is grown on about 1,250,000 acres which yield from 22,000,000 to 24,000,000 short tons of cane annually. Brazil now produces around 1,500,000 short tons of sugar annually, most of which is consumed at home. Surplus sugar, amounting to from 1,000,000 to 1,500,000 sacks, is converted into alcohol.

Origin of the Industry

Brazil's sugar industry was founded on an export basis more than 400 years ago. Sugarcane was introduced by the Portuguese when they settled the country in 1500, and by 1526 shipments of sugar were being sent from Pernambuco to Lisbon.

The industry developed first in the well-watered coastal valleys of the northeast, not because this region was superior to the areas farther south for the growing of sugarcane, but because sailing vessels had a more direct route to Europe from that part of the country.

Once Europe's Sugar Bowl

During the seventeenth century northeastern Brazil became a leading source of sugar for Europe, and this profitable trade continued until the latter part of the nineteenth century when the development of the beet-sugar industry in Europe and competition from new areas such as the West and East Indies diminished Brazil's importance on the international market.

But despite dwindling export markets, Brazil's sugar industry continued to expand to supply growing domestic consumption. World War I (1914–18) provided a temporary incentive for greater expansion to fill orders from European countries whose beet fields had been destroyed.

National Institute

The economic depression beginning in the late 1920's was disastrous to Brazil's sugar industry. International price levels sank so low that the exportation of sugar was abandoned. In December 1929, the price of sugar in the Federal District fell from 76.50 cruzeiros per bag of 132 pounds to 26.50 cruzeiros.

In 1931, as conditions in the industry had not improved, the Government created the Sugar Production Defense Commission which succeeded in raising the domestic price of sugar by buying up excess stocks for sale abroad. The success of this venture led the Government in 1933 to replace the Commission with the Institute of Sugar and Alcohol and to grant this body greatly augmented powers with a view to controlling sugar and alcohol production and thus stabilizing prices. The Institute is an autonomous body, with a board of directors composed of representatives of interested agencies of the Brazilian Government and private sugar interests. Through a quota system, production of sugar has been controlled and normally is held near the domestic consumption level. The Institute has removed all production quotas for the five harvests beginning in 1944–45, however, for all sugar needed for domestic consumption. It plans to continue supporting a relatively high domestic price for sugar, and confidence is placed in alcohol production as a stabilizer of prices.

Mounting Output

Sugar production in Brazil has increased with the growth in population. In the crop year 1925–26 only 12,489,000 sacks of sugar were produced, while 1943–44 production is estimated at 21,600,000 sacks, the largest in history.

The table on the opposite page shows production of sugar by States in the crop years 1941–42 and 1942–43 and estimated production in 1943–44 and 1944–45.

Alcohol Production

Production of alcohol which began in 1933 is Government-subsidized and is intended primarily to absorb the excess production of sugar. Molasses, surplus cane, and sugar are diverted to the production of alcohol which is mixed with gasoline and marketed as motor fuel.

Alcohol production has increased enormously since the Institute has been in operation. In 1931–32, production totaled 37,357,959 liters and in 1943–44, 151,790,078.

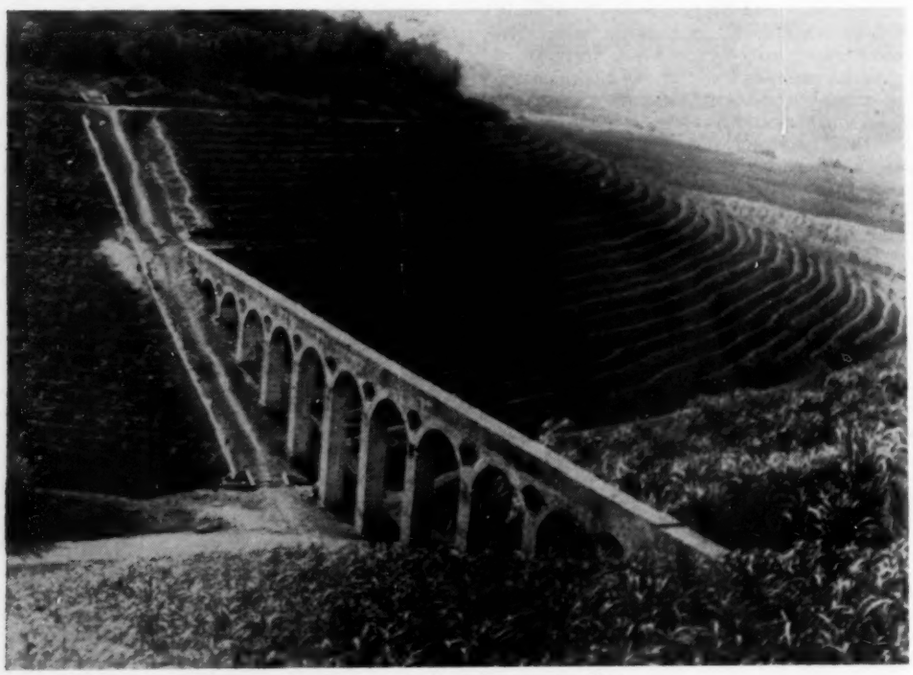
Sugar-Producing Areas

Sugarcane is grown in all the States of Brazil, but there are two main geographical centers of production, one in the northeastern area where the industry originated and the other in the south-central section. The largest producing States in the north are Pernambuco, Alagoas, Sergipe, and Baia, while those of the south are Sao Paulo, Rio de Janeiro, and Minas Gerais.

Since sugar is now a product of domestic consumption rather than of export and the areas of heaviest consumption are in the Federal District, Sao Paulo, Minas Gerais, and Rio Grande do Sul, it is natural that sugar production should develop in adjacent areas in the southern part of the country.

Management and Labor

Much of the sugar land in Brazil is controlled by families, many of which



In the Pernambuco sugar country.

can trace their possession from the Portuguese crown. Some of the land is still held without actual registered ownership. This is especially true in the lands bordering the coastal belt. Many of the estates in this region, however, have been split into small patches by inheritance or as a result of economic conditions. The total amount of land held in small estates throughout the sugar lands of Brazil is far greater than that held in large plots.

Brazilian Production of Sugar by States and Crop Years, 1941–42 and 1942–43, and Estimated 1943–44 and 1944–45

[In sacks of 60 kilograms each]

States	1941–42	1942–43	Estimated 1943–44	Estimated 1944–45
NORTH				
Acre	10,041	9,000	11,000	----------
Amazonas	7,095	6,500	6,300	----------
Para	66,046	45,757	53,215	15,015
Maranhao	101,184	81,925	87,927	12,628
Piaui	81,199	51,400	61,500	2,571
Ceara	700,294	617,370	766,510	17,845
Rio Grande do Norte	196,085	190,223	159,499	69,542
Paraiba	728,520	753,520	750,158	591,101
Pernambuco	5,143,422	5,547,207	6,030,397	7,029,210
Alagoas	1,805,072	1,841,718	1,995,295	2,298,324
Sergipe	789,347	804,185	1,001,930	1,422,964
Baia	1,411,111	1,606,055	1,400,623	1,198,951
Total (North)	11,039,416	11,554,860	12,324,354	12,658,151
SOUTH				
Espirito Santo	213,692	179,252	195,168	55,000
Rio de Janeiro	3,400,424	2,699,584	2,484,142	2,444,258
Federal District				84,946
Sao Paulo	2,619,493	3,320,108	3,359,533	3,292,652
Parana	18,863	16,000	20,000	10,000
Santa Catarina	481,092	462,538	440,294	61,108
Rio Grande do Sul	53,030	60,000	70,000	----------
Minas Gerais	2,865,233	2,994,840	2,517,974	532,175
Goiaz	171,852	145,000	150,000	----------
Mato Grosso	31,000	36,142	38,438	30,524
Total (South)	9,854,679	9,913,464	9,275,549	6,510,663
Total (Brazil)	20,894,095	21,468,324	21,599,903	[1]19,168,814

[1] This is the latest available estimate of the production of the larger mills, but total production from all mills is estimated at 22,500,000 sacks during the 1944–45 crop year.

Source: Brazilian National Institute of Sugar and Alcohol.

NOTE.—This table was taken from Report No. 1020, entitled "Brazilian Plants are Expected to Make Large Purchases of Sugar-Mill and Alcohol Distillery Equipment After War's End," by A. W. Childs, Assistant Commercial Attaché, Rio de Janeiro, Brazil, dated Nov. 8, 1944.

A large number of laborers live on or in the vicinity of the estates. Some of them have squatters' rights on small plots of land, and others are furnished houses by mill operators.

In the State of Sao Paulo the land is mostly in the hands of coffee planters and they follow practically the same system of labor and management as they do in the growing and harvesting of coffee. Most of the sugar mills make contracts with farm families for 3-year periods. The mill furnishes houses and areas for growing foodstuffs, medical care, and sometimes a school building. The tenants buy their requirements from the company store on credit, and the accounts are settled at the end of the harvest. The mill plows the land while the tenant plants the cane and does such work as cultivating, fertilizing, and harvesting. The tenants are paid by the ton of cut cane, 5 percent being deducted for ropes to tie the bundles. A family of five people can take care of 10 alqueires (about 50 acres; alqueire equals 4.98 acres) of cane having a yield of 100 tons per alqueire or 21 tons per acre.

Young cane in bottomlands of Paraiba about 3 months after planting, showing clean cultivation.

Under another rental system the mill manager plows the land, and the tenant receives payment for cane grown. For harvesting, payment is made per 100 bundles of 18 thin or 10 thick canes.

Varieties of Cane

Mosaic was widely prevalent in the cane fields of southern Brazil about 1923 to 1928, the common varieties of cane being grown at that time (caiana, raiada, and manteiga) all being highly susceptible to this disease. Cane yields consequently fell off and many growers abandoned the industry. Assisted by the Government, other growers substituted resistant Javanese and Indian canes for the old varieties. This substitution was practically completed in Sao Paulo by 1932 and in Rio de Janeiro by 1935. Minas Gerais still continues to grow older varieties, principally in the areas of the small mills, comprising about half the acreage of the State.

The canes P. O. J. 213, Co. 290, and Co. 281 are the most successful varieties in the State of Sao Paulo. In Rio de Janeiro and Minas Gerais the more tropical P. O. J. 2878 is the dominant variety. Other successful varieties are P. O. J. 2727 and P. O. J. 2714.

Although new varieties of cane were introduced in the Northeast at about the same time, they were not generally planted. At present large acreages are still planted to the older varieties. The predominant cane in Paraiba is Flor de Cuba. In Sergipe the common variety is known as Pitu, and in Alagoas, Demerara 625. However, in all three States Javanese canes are planted by some mill owners. About 70 percent of the acreage of the Reconcave region of Baia, where most of the mill sugar of the State is produced, is planted to Co. 290. The State of Pernambuco has large areas in P. O. J. 2878.

Two Federal experiment stations were set up in 1912 for the study of sugarcane: one in Campos, State of Rio de Janeiro, and the other in Curado, State of Pernambuco. The Ministry of Agriculture has recently granted these stations substantial increases in their budgets.

Operation of the Mills

There are about 50,000 small mills in operation in Brazil, each of which produces only a limited amount of sugar each year. The principal product of these "engenhos" or "banques" is a hard brown sugar known locally as rapadura. The people in the interior of Brazil prefer this kind of sugar to any other. Consumption of rapadura in 1941 amounted to 4,140,123 bags of 60 kilograms each. The total of all sugar consumed that year was 20,148,351 bags.

Most of the "usinas," or modern Brazilian mills, are of small capacity and not equipped to extract the maximum amount of sugar from the cane. Of the 320 usinas now operating, only 18 mills have crushing capacity exceeding 1,100 short tons in 24 hours and none over 2,200 tons. Many of these mills are remodeled engenhos, and the only changes made have been the adoption of steam and the addition of some modern machinery, such as vacuum pans and centrifugals.

The table on the following page shows sugar production in usinas and engenhos in the crop years 1925–26 to 1944–45, inclusive.

Problems of Transportation

Transportation is the biggest problem facing the sugarcane industry. In many cases transportation expenses are pro-

Loading the cane.

hibitive for small growers and are primarily responsible for the continued operation of so many engenho mills.

Brazil: Sugar Production in Crop Years 1925–26 to 1944–45

[1,000 sacks of 60 kilograms]

Crop year ending May 31	Usina sugar	Engenho sugar	Total	Percentage of usina sugar of total
1926	5,282	7,207	12,489	42.3
1927	6,378	9,214	15,592	40.9
1928	6,993	6,877	13,870	50.4
1929	8,000	7,700	15,700	50.9
1930	10,804	8,797	19,601	55.1
1931	8,256	8,740	16,996	48.6
1932	9,157	7,968	17,125	53.4
1933	8,746	7,524	16,270	53.7
1934	9,050	7,552	16,602	54.5
1935	11,136	5,419	16,555	67.3
1936	11,841	6,059	17,900	66.2
1937	9,550	5,446	14,996	63.7
1938	10,907	5,836	16,743	65.1
1939	12,703	5,637	18,340	69.3
1940	14,406	5,226	19,632	73.4
1941	13,512	7,055	20,567	65.7
1942	13,851	7,043	20,894	66.3
1943	14,680	6,788	21,468	68.4
1944 [1]			21,600	
1945 [1]			[2] 22,500	

[1] The 1943–44 and 1944–45 figures were taken from Report No. 1020, by A. W. Childs, Assistant Commercial Attaché, Rio de Janeiro, Brazil, dated Nov. 8, 1944.
[2] Figure for 1944–45 is the latest available estimate.

Source: Compiled from publications of the Brazilian National Institute of Sugar and Alcohol.

Even in areas where sugarcane is grown in large acreages, the expense of transportation is a burden. Much of the cane has to be brought from the fields to the mill by ox carts or pack animals. In many areas the same methods are used to carry the cane to the waterfront where it is loaded on boats and then transported to the mills. A few landowners have been able to build railroads, but still much of the cane has to be carried to the railroad line by ox cart or pack animal.

About 75 percent of the finished product is carried to the consumer by water transportation.

Costs of Cane Production

The average production cost of factory-grown cane over the last decade has varied from about 17.00 to 28.00 cruzeiros per metric ton of 2204.6 pounds. Production cost is influenced by the size of the crop, availability of labor, and climatic conditions. A large crop does not necessarily imply a lower production cost per metric ton. A greater tonnage to be harvested may be accompanied by a shortage of labor, and the mills and growers may then pay higher wages.

Independent cane growers, in general, produce cane cheaper than the mill owners. In Pernambuco, it is reported that the price paid to the grower for cane is about equal to the cost to the mill of growing its own cane.

Average costs of producing mill sugar for the 1939–40 crop season in the States of Pernambuco, Alagoas, Rio de Janeiro, and Sao Paulo were respectively 38.79, 37.70, 43.07, and 42.99 cruzeiros per bag—that is, $1.94, $1.88, $2.15, and $2.15 in U. S. currency.

The main items of production costs which hinder northeastern Brazil in competing with southern Brazil are higher costs of raw material, warehousing, and transportation.

According to the Sugar and Alcohol Institute, 1,500,000 people are employed in the sugar industry in Brazil. This is approximately 17 percent of all gainfully employed people in the country. The amount of human labor employed in the industry reaches astonishing proportions. Thousands of laborers are used in planting, hoeing, cutting, and transplanting the cane, and in sugar mills. Because of the small percentage of machinery used, laborers perform practically every operation connected with production and, regardless of low wages, costs per unit of production are high.

The growing and harvesting of sugarcane is deeply ingrained in the lives of the people in the sugar areas of Brazil, families having remained in the same locality for generations. The entire social life of the workers centers around the sugar mill, and interesting Brazilian folklore, dances, and songs are found among these people.

Consumption

Brazil's consumption of sugar has almost doubled in the past decade. It is variously estimated at from 44 to 57 pounds per capita annually. Rio de Janeiro, the Federal District, Minas Gerais, Sao Paulo, and Rio Grande do Sul customarily consume 50 percent of the total production of the country.

Consumption of usina or mill sugar in 1943 totaled 14,192,291 sacks of 60 kilograms each, according to data of the Sugar and Alcohol Institute, or 771,337 sacks more than in 1942. Exact data are not available for consumption of engenho sugar, but it is estimated at about 7,000,000 sacks annually. Actual consumption of engenho sugar is generally higher than indicated by the released figures, since much of it is produced in small mills deep in the interior that, because of their small output, do not report their production.

Surplus production above the normal requirements for consumption of the northeastern States amounts to between 7,500,000 and 8,000,000 sacks of sugar of all types. Of the southern sugar-producing States, Rio de Janeiro has a surplus amounting to 1,500,000 to 2,000,000 sacks. Considering all States with excess sugar production, sugar surpluses amount to between 9,000,000 and 10,000,000 sacks.

There are markets for 6,000,000 to 6,500,000 sacks of sugar in the large population centers of Sao Paulo, the Federal District, Rio Grande do Sul, and Minas Gerais.

After the needs of all other areas are supplied, there is normally a surplus of from 1,000,000 to 1,500,000 sacks of sugar, which is converted into alcohol or exported.

Stocks

Prior to World War II the Sugar and Alcohol Institute had effected a balance of supply and demand for sugar. Transportation difficulties due to the war caused stocks to pile up, however, and at the end of the 1942–43 crop year they reached an all-time high of 3,651,464 sacks of all types of sugar.

The Institute reported that these stocks would cause no serious difficulties, as the domestic consumption of sugar and alcohol plus contracts in force for export will absorb all of the sugar and alcohol.

Stocks on hand in the State of Pernambuco as of May 31, 1944, totaled 1,135,448 sacks. This represents a substantial decline of 589,666 sacks, or 34.2 percent as compared with stocks in 1943, but an advance of 350,683 sacks, or 44.7 percent, in comparison with those of May 31, 1942.

Legislation

Legislation for the sugar industry is passed by the Sugar and Alcohol Institute

in collaboration with other interested agencies of the Brazilian Government. Specific measures change by crop years, according to the needs of the industry. All measures are based on the sugarcane statute (Estatuto da Lavoura Canavieira) which is also known as Decree Law No. 3855 of November 21, 1941. This law was the outcome of a desire on the part of leaders throughout the sugarcane States to consolidate the various State and Federal laws affecting the sugar industry into a national code. Mills are required to buy definite amounts of cane in proportion to the volume of cane ground. As time goes on, the decree will work in such a way as to put cane purchase on the basis of sucrose content rather than on weight.

Each year the Sugar and Alcohol Institute sets the prices paid to the producer and the wholesale and retail prices of sugar, and issues other provisions for the control of the sugar industry. A significant change occurred in the legislation for the 1944–45 crop, by the elimination of quotas.

Decree Law No. 6969 of October 19, 1944, extends additional protection to sugarcane suppliers and workers in their relations with the engenhos and usinas processing the cane into sugar and alcohol. In addition, the law provides certain measures for the promotion of better production methods and simplifies the administration of the Statute of Sugarcane Production.

Outlook for the Industry

Since 1938 when the output of sugar amounted to 16,743,000 sacks, production has increased each year. Production in 1945 is estimated at 22,500,000 sacks, which if achieved will be the largest in the history of the country.

Prospects for post-war expansion of the industry appear to be good. The Institute probably will continue to support the small mills and avoid a rapid centralization of the industry in the hands of a few large mills. While the changeover of the many small engenho mills to modern units will be gradual, a definite trend in that direction is expected.

During the war years the sugar mills and alcohol distilleries have been unable to purchase desired equipment from overseas, and this has resulted in an unsatisfied demand of some proportions for both machinery and accessories. Only about 20 percent of the sugar-mill equipment in present use is of United States origin and probably less than 10 percent of the total distillery and auxiliary equipment is of United States origin, as the market has been dominated for many years by European producers.

The Europeans have been unable to supply the material during the war, however, and it is not known when or if they will be in a position to resume this trade when the war ends. Therefore, as soon as hostilities cease it is believed that American machinery manufacturers will have an opportunity to enter the Brazilian market. To maintain a favorable position in this market, however, prices, terms, and service must be equal or superior to those of competitors.

Australia's imports of gums and resins increased slightly during the year ended June 30, 1944, over the preceding 12 months, according to published customs statistics. Comparable figures are shown as £627,000 and £588,000, respectively.

Catende Sugar Mill, northeastern Brazil.

Foreign-Trade Problems of the United States

(Continued from p. 4)

and service on foreign dollar bonds. If these payments had been met in full, the amount of dollars made available to foreign countries in 1932 for all other purposes would have been only little more than one-fifth the pre-depression total. Under these circumstances many foreign countries defaulted on their debt payments, and virtually all of them enforced exceptionally heavy reductions in their imports from the United States.

The memory of these disturbing developments and of our failure to stage a complete recovery prior to the war underlies, then, much of the concern abroad about our future course. The following is one example, perhaps an extreme one, of this state of mind abroad.

A Pessimistic Appraisal

In the fall and winter of 1943 the distinguished Swedish economist and political leader, Gunnar Myrdal, made a visit to the United States for the purpose of appraising future trends. Dr. Myrdal already had considerable familiarity with this country through earlier visits. Following his return to Sweden he rendered a most pessimistic report to the National Economic Society of Sweden. He has recently expressed similar views in an article appearing in one of our popular magazines. Among Dr. Myrdal's conclusions we find the following statements:

> It is to be expected that America after the end of the war . . . will experience a high degree of economic unrest. . . . It is possible that a "sellers' market" will be established so generally as to avoid an immediate post-war slump. But, probably within the period of let us say from half a year to 3 years, this development will change over into a slump. This slump may turn out to be a culmination of the deflationary crisis of the early twenties and the gigantic crisis between 1929 and 1932.
>
> . . . . . .
>
> The economic development of America is going to have serious repercussions on the whole world.
>
> . . . . . .
>
> As far as I am concerned, I have to confess that my studies of the economic situation in America and my reflections as to what a slump in America would mean to Sweden have made me feel very serious.
>
> . . . . . .
>
> I want to add that I do not deny the theoretical possibility of establishing an economic plan capable of fulfilling the optimistic hopes about stabilized full employment, though this task would be exceptionally difficult in America. But . . . political development in America is not likely to be such as to make this planning possible.

That is the end of the quotation from Dr. Myrdal. We do not need to associate ourselves with these gloomy forebodings, but it would be foolish not to take careful note of them. Similar warnings are being sounded in numerous other places—for instance, the well-

(Continued on p. 41)

Peru's New Center of Industry at Chimbote

Ambitious Projects Promise Notable Results in Varied Fields

By the Office of Inter-American Affairs

CENTERING in the Chimbote Bay region of Peru, which boasts one of the best natural harbors on the west coast of South America, an extensive program of industrialization is being advanced, and with it a project of health and sanitation facilities for the town of Chimbote, which are nearing completion.

This project, undertaken in December 1942, involved the construction of malaria-control drainage, water supply, a sewage system, and a 36-bed hospital and has been carried out by the Cooperative Inter-American Public Health Service (Servicio Cooperativo Inter-Americano de Salud Pública). This is an agency of the Peruvian Ministry of Public Health and was established with the assistance of the Institute of Inter-American Affairs, an organization set up by the Office of Inter-American Affairs.

Meiggs Laid Out City

Chimbote, a town of some 4,000 persons, was laid out about 75 years ago in a gridiron pattern typical of small cities in the United States, by an American civil engineer named Henry Meiggs, better known as the man who built the famous Central Railway of Peru. The town is located only a few miles south of the mouth of the Santa River.

Lacking a water system and completely without sewerage facilities, the town suffered from mosquitoes which bred in fresh-water lagoons nearby. Already the malaria rate has been diminished 70 percent. Factors contributing to this reduction are the permanent drainage program which has now become effective and temporary mosquito control begun in February 1943, obtained by systematically spraying the lagoons with kerosene and installing some temporary drainage. In addition, a medical anti-malarial campaign is being carried out by Dr. Carlos Quiroz S., head of the S. C. I. S. P. Dispensary and Health Center in Chimbote.

Draining the Lagoons

The drainage of the lagoons, the presence of which in this desert area is somewhat of a mystery, has been a troublesome problem. These fresh-water lagoons are of two distinct types. One type, found east of the town, is formed adjacent to the beach by the wave action building up the beach so that it dams the waste water and underground water emanating from nearby irrigated areas. The largest group of lagoons of the other type is about 1⅓ miles long and is located north of the town and half a mile from the ocean.

Though the reason for the existence of these lagoons is not obvious, they appear to be the result of ancient man-made excavations installed for agricultural purposes. Because of the very small difference in elevation between the ocean and the lagoons, it was necessary to make detailed surveys of the lagoons before the design or construction of the drainage system could be begun. The engineering problems were not easy, owing to the lack of basic data and properly trained personnel to assist in making surveys and to guide the labor gangs. One of the minor problems consisted in discouraging removal of the carefully driven survey stakes—the lack of timber in this region put a special value on the wood stakes. The permanent malaria-control program consists exclusively of the drainage of the lagoons by means of channels lined with concrete slabs and provided with ocean outlet structures.

Courtesy Office of Inter-American Affairs

Workmen laying tiles, and performing other essential duties, as main drainage ditch at Chimbote is pushed rapidly to completion.

New Water System

Second in the Chimbote health and sanitation project is a water supply and distribution system. It has been designed to provide for future expansion. A series of investigations showed that potable underground water could be obtained about a mile from town from the same water-bearing stratum which supplies the flow for the lagoons north of the town. A start toward a water-supply system for Chimbote had been made a few years ago, but the source of the water was an irrigation ditch originating at the Santa River, providing a very unreliable supply. In the permanent installation, the water is obtained from an 8-inch well about 26 feet deep and pumped through an 8-inch concrete pipe line to the city.

Adjacent to the well is a pumping station in which will be installed duplicate gasoline-engine-driven, horizontal-shaft, centrifugal pumps with a capacity of 300 gallons per minute each. Provision has been made for chlorination of the water. An excellent reservoir site was available

on a hill back of the town, and a feature of the reservoir is that it is constructed entirely in loose sand.

Gravity Sewer System

A gravity sewer system has been installed to serve all built-up and partially built-up sections of the present city, with provision for indefinite extension to the north. For the most part, the sewers are 8 inches in diameter. Some of the pipe was manufactured of unreinforced concrete by hand in Chimbote, while some was manufactured in Lima and shipped by boat and truck to Chimbote. The 8-inch flexible-joint, cast-iron sewer outlet has been laid under the ground to a point beyond the effect of any severe wave action. Beyond that point it is laid on the bottom of the bay, protected by piles on either side. If future developments indicate the need for an extension of the outfall, this may be readily accomplished by adding to the flexible-joint cast-iron pipe.

The sewage is discharged into the lagoon drainage channel and carried into the ocean some distance from the town. This avoids pollution of the beach which is used extensively for bathing by the people of the town. The use of the drainage channel makes available an excellent site for a sewage treatment plant located in the industrial area, should future development of the town ever warrant its construction.

Hospital Facilities

Hospital service quarters provided include several buildings. The main building is approximately 275 feet by 39 feet with three small wings. In it provision is made for 36 beds, a nursery, operating room, kitchen, dining room, an out-patient clinic and waiting rooms. Another service building houses a laundry, shop, storeroom, and two dormitory rooms with baths for eight employees.

The third large building provides living quarters for about 13 doctors and nurses. It consists of eight sleeping rooms, five bathrooms, and two living rooms. In addition, a small boiler-house will be constructed for hot-water heating and to house the electric generating plant. All these buildings are constructed of concrete brick. This material was chosen as being most practical and economical because it would eliminate the need for plastering the exterior and some of the interior walls, and because a concrete brick-making machine was available on the site.

The one-story hospital and service buildings are designed to reflect the modern architectural style. The nearly flat roof is of corrugated asbestos-cement sheets, made in Lima. Doors and windows have been manufactured in Lima of American plywood and Peruvian cedar. Hardware, plumbing fixtures, and electrical equipment are of American manufacture.

"Potential Pittsburgh"

The present prominence of Chimbote and the plans for its future development are due principally to the harbor—one of the finest natural harbors on the west coast of South America—the availability of coal deposits about 50 miles inland, and cheap power to be provided by the Cañon del Pato Hydroelectric Project on the Santa River. These factors, coupled with the extensive Marcona-region iron-ore deposits some 400 miles south, close to the coast and easily removable by cheap water transportation, will make possible the establishment of a coal, iron, and steel industry in Chimbote.

Chimbote has been called the "potential Pittsburgh of Peru." A vast industrialization program has been undertaken by several agencies of the Peruvian Government, principally Corporación Peruana del Santa. This program was formerly sponsored by the Peruvian Ministry of Development and Public Works. The aid of North American consultants, contractors, and engineers has been enlisted. An iron-and-steel plant is one of several projects of the Corporación Peruana del Santa.

The Ancos-Galgada anthracite deposits in Peru are accessible to the coast at Chimbote. Reconstruction of an existing narrow-gage railway to the port of Chimbote makes it possible to ship the coal on a down grade directly to the port. The bulk of the anthracite is to be sized and sold in domestic and foreign markets. Annual production is anticipated to be 300,000 tons.

Courtesy Office of Inter-American Affairs

At Chimbote: Draining a lagoon.

Port Works Near Completion

The new port works are nearing completion. They are destined to handle incoming shipments of iron ore from the deposits in the south, outgoing shipments of coal and eventually of iron, steel, and other products to be manufactured in and near Chimbote. This portion of the Chimbote work is financed entirely by the Peruvian Government.

The new coaling mole is in service. It is an auxiliary structure to the main steamer pier which is being carried straight out into the bay from the shore line. In addition to the pier construction work and the erection of coal-handling facilities, the contractors have completed a Diesel-engined power house, an administrative building, staff and labor quarters, a shop, and a garage. A large customs warehouse is under construction.

Hydroelectric Plant

The Cañon del Pato 125,000-kw hydroelectric plant under construction on the Santa River is designed to produce power at a very low cost and to provide current for the mining industries in the adjacent Sierra, while supplying electric current to the steel plants to be installed at Chimbote. The Santa is a torrential, non-navigable Andes mountain stream. It pours more water into the Pacific than any other stream in Peru. In one section of the river, there is an abrupt fall of some 1,400 feet in a 6-mile stretch. It is this location that was chosen for the hydroelectric project. From its commencement in June 1942, Barton M. Jones, as engineer-director, has been in charge. Construction work on the project at the present time is reported to be about 25 percent complete. Construction was begun by the Bureau of Waters of the Peruvian Government and is being carried on by the Corporación Peruana del Santa.

"Most Ambitious Enterprise"

Among other projects under consideration are extension of irrigation works, construction of Government model-housing units, and the development of a cement industry.

The development of Chimbote is rated the most ambitious industrial enterprise ever undertaken in Peru.

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News by COUNTRIES

Argentina

Tariffs and Trade Controls

Decree Guaranteeing Receipt of Goods in Good Condition Effective January 1, 1945.—By Decree No. 30,821 of November 15, 1944, initiated by the Secretariat (Department) of Industry and Commerce, measures set forth in Decree No. 17,673 of July 25, 1944, to guarantee the quality and receipt in good condition of Argentine exports to foreign buyers, were modified. A later decree (No. 35,328 of December 29, 1944) established January 1, 1945, as the date upon which these measures were to become effective.

Transport and Communication

Road Construction.—The sum of 25,000,000 pesos will be spent on roads in the Entre Rios and Corrientes Provinces, the Argentine Ministry of Public Works has announced. The roads projected are to provide access to the international bridge which is being completed across the Uruguay River at Paso de Los Libres to connect the cities of Parana and Paso de Los Libres.

Roads projected are to be constructed of stone and gravel. The first, Route No. 126, follows the Parana River to Guayquiraro and crosses the Corrientes Province through Sauce and Curuzu-Cuatia to Paso de Los Libres; it is at present a dirt road in large part. The second road, Route No. 127, follows a more direct route between Parana and Paso de Los Libres via Villa Federal. Several small sections and connections in the two Provinces are to be constructed at a cost of 1,348,487 pesos.

The Ministry of Public Works, in an effort to comply with various agreements which have been reached in the past with Brazil, Chile, and Bolivia intends to intensify construction work on roads communicating with those countries. Principles of continental solidarity and the importance of Pan American intercommunications have led to a decision to construct immediately two roads which will link the highway system of Argentina with that of Brazil.

Belgium

Tariffs and Trade Controls

Many Import Duties Suspended Temporarily; Some Reduced.—Import duties on about 230 tariff items formerly dutiable were suspended temporarily and the duties on about 18 luxury food products were reduced in the Belgian-Luxemburg customs union by a decree law of February 1, 1945, effective Feburary 15, published in the Moniteur Belge of February 11. These changes were made in the interest of Belgian economy in order to permit the importation of food, clothing, and raw materials urgently needed at the lowest possible cost. The terms of the proposed customs union between Belgium and the Netherlands which suspend duties on many articles cannot become effective until the Netherlands Government returns to the Netherlands and the customs union has been ratified. The period during which the suspended and reduced rates will remain in force is indefinite and can be canceled whenever circumstances justify such action, or whenever the terms of the proposed customs union may be applied.

Among the tariff items on which the duty has been suspended are the following:

Live animals; fresh meat; poultry; cream and milk; butter; cheese; fish oils and fats; grain; flour; starch and fecula; coffee; spices; tea; fresh vegetables; dried vegetables; table fruit; nuts; vegetable fats; beet roots; and salt.

Products of the distillation of light oils derived from coal or mineral tars; petroleum.

Flour of cereals prepared for feeding children (without sugar or cocoa); alimentary paste; shredded corn; shredded wheat; flake tapioca and similar products; crackers without sugar or spices; meat and fish preparations (including those in cans); cocoa preparations (not including candies, chocolate bars, and similar items); preserved vegetables and vegetable-fruits in boxes, bottles, and other packages; molasses not suitable for human consumption; preserved cream and milk in blocks, powdered, and condensed but unsweetened; margarine; eggs; chicory; artificial coffee without sugar; mustard; sauces; cattle feed.

Cacodylate of soda; caffeine; proprietary medicines; pharmaceutical preparations; glycerine; soap; pomades, waxes, creams, greases, and similar preparations without alcohol.

Hides and skins painted or moroccoed; hides and skins varnished or lacquered; artificial leather; leather waste; leather soles and heels.

Yarn of artificial silk; silk or rayon thread; silk embrioidery; ribbons, velvets, and plushes of silk; silk hosiery fabrics; woolen yarn; woolen shawls and scarves; woolen blankets; woolen velvets and plushes; woolen hosiery fabrics; cotton yarn; cotton fabrics, unfigured, mercerized or made wholly or partly of glazed or mercerized yarns; fabrics of pure cotton, figured; cotton shawls and scarves; cotton counterpanes; cotton blankets; cotton hosiery fabrics; yarns of flax; jute yarn; velvets and plushes for furniture and other uses of linen, hemp, or ramie, table damask; wadding; felts.

Rubberized fabrics; ropes, cables, cordage, and twine of vegetable textile materials; cordage of animal fibers; cotton hosiery; woolen hosiery; hosiery of mixed wool; silk hosiery; men's and women's clothing; caps; handkerchiefs; table linen merely hemmed.

Wooden pegs for shoemaking; wooden heels; sabots.

Rubber sheets; rubber heels and soles.

Sensitized paper and board for photography, with salts of iron.

Footwear of fabrics, felts, cloth-list or other textile materials, without soles or with soles other than rubber or leather; footwear of fabrics, felts, cloth-list, or other textile materials, with soles of leather or rubber; rubber footwear; children's footwear with soles of any material; footwear not otherwise mentioned.

On the following items the duty has been reduced to 100 francs per 100 kilograms:

Flour of cereals and feculas prepared for feeding children and for culinary use, such as lactic flour, phosphatines, racahout, raising flour, aromatized flour, with the addition of cocoa, fruit, or more than 10 percent of sugar, imported in hermetically sealed packages; ginger bread.

Chocolate in bars, pastilles, pralines, bonbons, and the like, weighing each less than 50 grams.

Fruit, fruit peel, potherbs, and other plants or parts of plants, preserved with sugar, dry or candied; jams, jellies, marmalades, fruit pastes and condensed fruit juices.

Cane and beet sugars, including juice, raw, and refined; other sugars, such as glucose, lactose, and invert sugar; sirup of all kinds; caramelized sirups and sugars; artificial honey; marzipan, nougat, and the like; sweetmeats, such as jujubes, fondants, dragees, caramels, barley sugar, and apple sugar; alimentary sugar preparations, n. e. s.

Preserved cream and milk in blocks with sugar added; the same in powdered form, and condensed.

Coffee extracts containing sugar.

Licorice juice, aromatized, with sugar added or other substances (except alcohol); licorice paste; pectoral pastes and gums, such as jujube pastes and marshmallow pastes.

On two additional tariff items the duty has been reduced as follows:

Fine bakers' wares and biscuits other than with additions of cocoa, fruit, or more than

The Cover Picture

At Chimbote, Peru

Our cover picture this week presents a view of the harbor at Chimbote, in Peru, showing the long pier leading into the deep water of the harbor. In the distant background can be seen an ocean-going steamer entering the harbor. The Peruvian Government and people have high hopes for the future of Chimbote as a port and as a center for varied new industries—as is made plain in our special article beginning on page 16 of this issue.

This picture is from the Office of Inter-American Affairs.

10 percent of sugar, 10 francs per 100 kilograms; fruit, whole or divided, preserved in their own juice or by means of sugar or vinegar in receptacles weighing 3 kilograms or less, 20 francs per 100 kilograms.

[See FOREIGN COMMERCE WEEKLY of March 17, 1945, for a brief announcement of the above duty suspensions and reductions, prepared from cabled information. Products not included in the above lists are understood to remain dutiable at the rates of the existing Belgian customs tariff.]

Brazil

Tariffs and Trade Controls

Merchandise Bags Permitted to be Remarked Upon Arrival.—Bags containing imported merchandise which are marked with nonindelible ink or which do not fulfill the other bag-marking regulations as provided in article 42 of the preliminary provisions to the Brazilian customs tariff, may be re-marked on arrival in Brazil so long as the situation created by the war lasts, under the provisions of Decree Law No. 7,324 of February 15, 1945, published in the Diario Oficial of February 17, and effective from that date.

Bags were previously permitted to be re-marked at the port of destination in Brazil by an order of the Minister of Finance dated September 15, 1935, but this ruling was later annulled by Decree Law No. 4,061 of January 28, 1942.

The present Brazilian bag-marking regulations require marking with letters of more than 15 centimeters or designs printed in indelible ink, arranged diagonally, on both sides of the bag. Bags so marked are subject to the same import-duty rates as the goods contained therein.

Rice, Beans, Lard, Manioc Flour, Corn, Onions, and Potatoes: Exportation Prohibited.—The exportation from Brazil of all types of rice, beans, lard, manioc flour, corn, onions, and potatoes has been prohibited for a period of 6 months, beginning March 2, by Order No. 356 of March 6, 1945, of the Coordinator of Economic Mobilization, published in the Diario Oficial of March 7.

If an exportable surplus of any of the commodities mentioned should develop within the 6 months' period, the Coordinator will duly notify the Export-Import Department of the Bank of Brazil, which is the agency authorized to issue export licenses. The prohibition of rice exports does not change commitments already assumed with the British Government by the Rio Grande do Sul Rice Institute (Instituto Rio Grandense de Arroz).

Except for the quota for the slaughter of beef which the Rio Grande do Sul Meat Institute may be able to designate for international export during 1945, as provided in Order No. 323 of December 19, 1944, of the Coordinator of Economic Mobilization, exports of beef products such as frozen or chilled beef, jerked beef, canned meats, and bone meal continue to be prohibited.

Canada

Economic Conditions

ANNUAL RECOMMENDATIONS OF FARMERS PRESENTED TO GOVERNMENT

The Canadian Federation of Agriculture, which is composed of the leading Canadian farm organizations, has delivered to the Government its annual list of recommendations and requests. This year, the presentation included requests on a wide range of subjects, among which were the following:

Regarding prices, the Federation stated its belief that Canada needs a definite food-price policy and expressed its hope that present agricultural prices will be maintained whereas prices for other commodities will be lowered to achieve a proper balance between economic returns of farm and non-farm groups. It expressed its appreciation of last year's floor-price legislation (which has not yet been implemented), but commented adversely on the fact that cost-of-living bonuses have been incorporated with basic wage rates without the incorporation of subsidies in basic farm prices. It stated that farm people have come to realize that a remunerative contract price or a guaranteed minimum price, projected at least 2 years in advance, transforms farming from an occupation that is little more than an uncertain gamble to a business with some foundation and some future to it.

Specifically, the Federation asked that a national agricultural price policy be announced at the earliest possible date and that the agricultural prices support program referred to above be placed in operation immediately, with floors being applied at the producer level. Further, it asked that the floor-price program be made a permanent feature of Canada's national policy rather than a temporary measure limited to the transition period from war to peace.

With respect to prices of particular commodities, the Federation requested the continuance of the present minimum price for wheat for the next 2 crop years, and the setting of present ceilings on oats and barley as minimum prices while continuing the payment of equalization fees on these two grains. To spur production, an increase of 50 cents per bushel in the price of flaxseed was requested.

On dairy products the Federation asked for (1) continuation of price sub-

Pertinent Comments on World Economy Today

[*Being one of a series of excerpts from books, pamphlets, and speeches*]

Problems of Discriminating Taxation and International Double Taxation

Discriminatory taxation of foreign business and investment and international double taxation, i. e., concurrent taxation by two or more countries of the same income, estate, or other taxable object, are practices that must be avoided or corrected if the spirit of the Atlantic Charter is to prevail in economic and financial intercourse after the war.

The solution of these difficulties has to be sought through measures of internal legislation and also through special tax treaties if only on account of the complexity of the technical questions which are involved in the mutual adjustment of national tax systems which is thus required. Such tax treaties must in the first place take into account the present differences in the economic development, commercial and financial position, and the structure of the respective tax systems of the countries concerned. In the second place, they must assure reciprocity in the concessions by a country to another country or to the taxpayers of that country in order to assure an equitable and sound tax treatment for individuals and corporations under the jurisdiction of both countries.

Largely as a result of the work undertaken by the League of Nations since 1921, there existed before the war in Europe a fairly complete network of treaties for the avoidance of international double taxation and fiscal evasion, and the United States joined that movement in the 'thirties.

The latest results of the work of the Fiscal Committee have been codified at a regional tax conference held in July 1943 in Mexico City. This conference presented the results of its labors in the form of three coordinated model conventions covering the various aspects of international tax relations. These models are destined to serve as a basis in negotiations, recognizing that a balance has to exist between the taxing rights of the country where a taxpayer is resident and of that where his property or the source of his income is situated. The recommendations made concerning the suppression of fiscal evasion should prove of value for the development of international trade not only because they render more acceptable to national treasuries the sacrifices involved in the elimination of double taxation but also because they discourage unsound financial transfers.

Several countries have recently entered into more or less formal negotiations on the basis of the new model conventions, and the provisions of the latter have been indorsed by the Third Conference of the Inter-American Bar Association.

From *"International Double Taxation,"* by *Paul Deperon. One of a series of studies prepared for the Advisory Committee on Economics to the Committee on International Economic Policy.*

sidies on fluid and concentrated milk on a year-round basis at the higher rates now effective only during the winter months and (2) an upward revision of subsidies on cheese and butter. It also asked that the present consumer subsidy on fluid milk be continued until a more practical plan is devised to encourage milk consumption by low-income groups.

With regard to Government control of marketing, the Federation renewed the frequent request of western cooperatives that the Canadian Wheat Board be appointed the sole purchaser of oats and barley and that the Wheat Board continue its exclusive rights over wheat and flaxseed.

The organization asked for better synchronization of production and marketing activities under government direction and supervision, with some additional control measures. It expressed the belief that government interference is more to be desired than the laissez-faire policy of leaving control in the hands of individuals or cooperatives who cannot provide stabilization or assure contracts.

Specifically, the Federation asked for: A national marketing program for all agricultural products with complete grading systems under which producers would be paid on the basis of grades carried through to the consumer; expansion of marketing machinery in export markets for the better handling, storage, and promotion of Canadian products; federal marketing legislation; the inauguration of policies which will prevent losses incurred by livestock producers resulting from congestion in livestock markets; and the appointments of a board of livestock commissioners to regulate all matters regarding the grading, transportation, processing, and marketing of livestock.

As to imports, the Federation stated that fruit and vegetable producers are seriously concerned over the uncertainty caused by seasonal imports into Canada, at prices with which they are unable to compete, of fresh vegetables and fruits of types commercially produced in Canada. Import regulations and a long-term policy as a guide to their production program were requested for these producers.

Exchange and Finance

Net Capital Receipts From Security Sales to Foreign Countries Decreased in 1944.—The movement of capital to Canada in 1944, arising from net sales of outstanding securities to other countries, amounted to $97,000,000. This figure represents a sharp drop from the record net of $172,200,000 which resulted from security sales in 1943 but it is surpassed only by that year and by the $105,500,000 received in 1942.

It will be noted that there has been a wartime rise in the net receipts, but is not due to an increase in the volume of sales over the pre-war level but to the fact that outgo of Canadian capital in the form of purchases of foreign securities has been restricted by regulations imposed by the Foreign Exchange Control Board to conserve Canadian exchange resources. This has caused a widening disparity between security sales to and security purchases from other countries. The details of sales and purchases since 1939 are shown in the accompanying table.

Sales and Purchases of Securities Between Canada and Other Countries

[In millions of Canadian dollars]

Year	Sales		Purchases		Net sales	
	To the United States	To all other countries	From the United States	From all other countries	To the United States	To all other countries
1939	247.9	311.0	190.5	238.9	57.4	72.1
1940	113.8	123.0	83.4	95.1	30.4	28.8
1941	104.8	108.0	68.5	75.3	36.3	33.0
1942	165.1	167.0	56.0	61.5	109.1	105.5
1943	264.0	267.9	83.1	95.7	180.9	172.2
1944	206.3	213.0	93.4	116.0	112.9	97.0

In the 5-year period 1940 to 1944, inclusive, Canada purchased from other countries securities to a value of $443,600,000, or approximately one-fourth of the $1,756,100,000 imported in the previous 5-year peacetime period, 1935–39. Simultaneously sales of securities of all classifications amounted to $879,200,000, or to less than half of the $1,911,100,000 sold in the 5-year period ended 1939. The net result was a capital influx from the sale of securities of $436,500,000, or nearly three times the capital influx of the peacetime period, although the total volume of trade was much lower.

The principal element in this inflow of capital has been the large volume of sales of Canadian bonds to the United States. Net sales of outstanding Canadian bonds to the United States amounted to $90,000,000 in 1944 compared with $150,000,000 in 1943 and $96,900,000 in 1942.

New issues and retirements of Canadian securities in the United States, as in other years, are not included in the statistics of the trade in securities. There were a number of new issues of Canadian securities payable in United States funds which were sold in the United States in 1944 by various Provinces and municipalities for the purpose of refinancing maturing or called issues. Some corporation issues were also sold privately in the United States to refinance outstanding issues held there. New Canadian bond issues sold in the United States in 1944 had a total par value of approximately $93,000,000. There were a number of other issues owned in the United States which were redeemed during the year besides the issues refinanced by these new securities. Principal among these was the issue of $56,704,000 Canadian National Railway guaranteed 5-percent bonds maturing July 1, 1969, which was called for redemption. Total retirements of Canadian securities in the United States during the year exceed total sales of new issues by a considerable amount.

The above data, in addition to excluding new issues and retirements of Canadian securities in the United States, are also exclusive of movements of direct investment capital.

NOTE. All of the foregoing figures are in Canadian dollars.

Economic Ruin in Dutch Province of Friesland

Three-fourths of Friesland Province, in the northern part of Holland across the Zuider Zee, has been flooded by the Germans, according to the clandestine newspaper Het Parool. Friesland, famous for its cattle and dairy products, has always been Holland's best food-producing area. Now the entire western half of the Province is a great watery desert. Water stands more than 4 feet deep on land which the Dutch in the course of centuries have wrested from the sea and made fertile. The pumping stations that were used to drain the water off the land have become useless because of lack of fuel.

The Germans have taken savage revenge upon the Frisian people whose resistance to the occupation authorities has perhaps been more implacable than anywhere else in Holland. Of 20,000,000 pounds of cheese stored in Friesland, about 2,000,000 pounds were earmarked for distribution among the starving population of Amsterdam. However, less than half a million pounds was finally allowed to be sent there; the rest has been shipped into the Reich. The Germans have also closed down 60 of the 100 cheese factories in the Province; the remaining 40, operating on coal supplied from the Ruhr, are producing solely for Germany.

Leeuwarden, capital of the Province and normally a city of 53,000, is practically deserted, since, as elsewhere, most of its men have been deported to Germany or put to work on German defenses in the eastern Netherlands.

Tariffs and Trade Controls

Oats, Barley, Rye, or Screenings: Exports Temporarily Prohibited.—The Canadian Wheat Board announced that effective March 1 and until further notice it will not issue any export permits covering the shipment of oats, bar-

ley, rye, or screenings (whole, ground, or otherwise processed), by rail to the United States, according to the office of the Consulate General, Winnipeg, Canada, on March 7, 1945.

It is understood that this action has been taken at the request of the Transit Controller and is due to the acute railcar shortage. It is also stated that there are sufficient export permits now open to take care of available cars and the authorities do not desire any increase in the present movement which will not be affected by the order.

Chile

Transport and Communication

Railway Statistics.—Chilean railways probably reached their peak during the year 1944 so far as transportation with present equipment is concerned.

Statistics are not available for the entire year of 1944, but figures for the first 10 months show gains in all branches, with the exception of passenger-kilometers. Passengers carried in the first 10 months of 1944 totaled 23,433,900 compared with 22,670,200 in the corresponding period of 1943. The total for the entire year 1943 was 27,368,100. Freight hauled by the railroads in the first 10 months of 1944 showed a slight gain over the corresponding period in 1943, totaling 8,851,600 and 8,835,600 metric tons, respectively.

During 1944, the State Railways took over the operation of the Arica-La Paz, Railway, the Iquique-Pintados Railway, and the short feeder line from San Pedro to Quintero.

The Chilean section of the railroad from Antofagasta to Salta is expected to be completed during 1945. It is reported that about 80 kilometers of rails will be necessary to complete the tracks to the Argentine frontier.

Air Traffic.—International air traffic in Chile is supplied by Pan American Grace Airways, Inc., which maintains five flights weekly to and from the United States and daily service to and from Argentina. During the first 11 months of 1944, 9,540 passengers entered Chile and 10,079 departed, compared with 7,719 and 8,615, respectively, for the corresponding period in 1943. For the entire year 1943, 8,559 persons entered and 9,397 left.

From these figures, it is seen that 981 more passengers entered Chile by air and 682 more left by air during the first 11 months of 1944 than during the entire year of 1943.

Colombia

Tariffs and Trade Controls

Raw Materials for Manufacture of Vegetable Lard: Import Duties Reduced.—Colombian import duties on all oil-bearing raw materials suitable for the manufacture of vegetable lard were reduced to 3 centavos per kilogram by Law No. 58 of December 30, 1944. Only firms having contracts with the Colombian Government for the manufacture of vegetable lard, however, are authorized to import oil-bearing materials at this reduced rate. The quantity which may be imported at these lowered duties is fixed at 10,000 tons annually. These reduced rates were originally accorded to copra only, but because of the necessity of finding other sources of raw material they are now applicable to any suitable material which may be found.

Commercial Agreement with Venezuela Concerning Transborder Trade Continued for Another Year.—The commercial agreement between Colombia and Venezuela, signed on March 14, 1936, to facilitate the border and transit trade between the two countries was continued in force for an additional year from March 14, 1945, according to an exchange of notes dated March 13, 1945, at Caracas.

The agreement authorizes the duty-free entry into Colombia of 1,200 metric tons of Venezuelan salt and 25,000 head of Venezuelan cattle annually, and the exemption from transit taxes in Venezuela on Colombian produce and merchandise that may be exported via Venezuela, or on produce and merchandise passing through Venezuela destined for Colombia.

[See Commerce Reports of April 11, 1936, for announcement of this agreement.]

"Statistically Naked"

Thirty million inhabitants of the liberated countries of Europe alone are "statistically naked," out of a total of 125,000,000 persons in "desperate" need of clothing, shoes, and bedding, the first service bulletin of the United National Clothing Collection for War Relief reports.

Behind that stark label of "statistically naked" are such instances as that of a family of seven in Belgium, which has but one usable shirt for all its members. The shirt "is shared in turn by both sexes, and all sizes in the family," the bulletin said, "and only one at a time—the current possessor of the shirt—is able to leave the hovel in which the family lives."

Costa Rica

Economic Conditions

New Program Instituted for the Expansion of Agricultural Production

Costa Rica's new program to develop and increase the production of staple agricultural commodities for domestic consumption will be under the direction of three organizations, the National Production Council, the Technical Commission, and the Section for the Development of Agricultural Production of the National Bank of Costa Rica, according to provisions of Executive Decree No. 2 of February 5, published February 7, 1945.

The National Production Council is charged with directing and coordinating activities to increase the production of food staples, such as corn, rice, beans, and potatoes, and fixing minimum prices for their purchase, which will be effected by the National Bank of Costa Rica through its Section for the Development of Agricultural Production. To obtain maximum local production, purchase contracts will be entered into with farmers who agree to grow these products under certain conditions. Prices paid for the products will be determined by the approximate cost of production, the general index of wholesale prices, the basic index of prices for each product, and seasonal price variations. Prices established for the San Jose market will serve as a basis for those of the different production centers.

In addition to the purchase of food staples produced domestically the National Production Council will authorize the importation of agricultural products as well as seeds, fertilizers, insecticides, machinery, and other articles to aid in increasing agricultural production. It will approve plans which the Department of Labor and Social Welfare may formulate for the distribution of the agricultural products purchased, taking into account the necessity for maintaining or lowering market prices. In collaboration with the Technical Commission, the Council will determine various agricultural zones to be occupied by groups of small farmers and the locations for storage warehouses for products purchased.

The Section for the Development of Agricultural Production, a dependency of the National Bank of Costa Rica, is the executive and financial organization which implements the decisions of the National Production Council. It has a capital of 3,500,000 colones, consisting of 1,000,000 colones in Defense Bonds and 2,500,000 colones resulting from the daily retention of 50 percent of the Welfare Supply Tax. The Section is under the direction of the general manager of the National Bank. Its technical production agents must be agricultural engineers and men of recognized integrity who have special knowledge of agricultural credits and who will reside in the zones where they are employed.

The Section will maintain an office for the consultation and study of problems relating to the use of machinery and its adaptation to the different aspects of national agriculture; it will establish a school of mechanical agriculture charged with training the personnel necessary for the adequate utilization of machinery; and it will make available to farmers machinery and tools at cost.

The Section will also establish experimental fields where the program for agricultural expansion will be demonstrated; create a chemical agricultural laboratory as an aid in the work of agricultural expansion; organize a cultural program of agricultural extension by such means as conferences, bulletins, and radio programs, in which the National Department of Agriculture will collaborate; and establish a statistical service which will develop as the work expands.

The Technical Commission will be composed of the general manager of the

National Bank or his representative, who will be its president, and the Chiefs of the Agricultural Department, the Rural Credit Boards, the Section for the Development of Agricultural Production, and a delegate from the Office of the Secretary of Agriculture, each of whom will give assistance in his particular sphere.

The particular functions of the Technical Commission are to assist the National Council of Production in the study of any matter of a technical nature necessary for the orientation of the work of that organization; to study the special conditions for production in the various agricultural zones of the country where the program for expansion will be undertaken and to present a complete plan of work for each case which might develop; and to direct the groups of small farmers which the Council plans to establish, providing them with a concrete plan of work to which they will be subject.

The Commission will be aided in the discharge of its functions by all the technical organizations of the Office of the Secretary of Agriculture, which office will collaborate in the organization of the groups for agricultural expansion, placing at the disposal of the Technical Commission all available equipment.

The plan for agricultural expansion is largely dependent upon the organization of groups of small farmers, each of which will be composed of not less than 10 members, directed and controlled by a technical agent of production from the Section for the Development of Production and by a credit agent who will be the delegate of the local credit board. The members will enjoy special facilities for technical direction and credit. The Agricultural Department of the National Bank, as technical adviser for production and credit, will collaborate in the functioning of the groups, and the rural credit boards will offer their facilities for the execution of the plan.

To become a member of one of the groups, a formal request must be presented to the rural credit board of their locality, promising to submit to the direction of the Section for the Development of Agriculutral Production, and also indicating the territory which each member will devote to cultivation, where it is situated, and the amount of credit necessary. Requests for membership in the groups will be subject to the approval of their respective rural credit boards. Workers on coffee plantations may be included in the membership if the proprietors of the plantations will make land available for the purpose.

The necessary credit for the undertaking will be provided by the National Bank through the rural credit boards, in accordance with the regulations that govern its operations, in an amount not greater than 1,000 colones to each member of a group. Credit sufficient to initiate the work may be extended by the credit boards upon the collective personal guaranty of its members. These collective credits will be canceled by the proceeds of additional individual credits secured by a mortgage on crops on which the collective credit was granted. The individual credits, may be extended up to 100 percent of the estimated value of the cost of cultivation and harvesting of the crop. To receive credit, the individual members must agree to sow a fixed area, cultivate the crops according to the technical instruction given, and sell the produce to the Section for the Development of Agricultural Production in accordance with the conditions established. In turn, the Development Section agrees to purchase the members' crops at the minimum price fixed by the National Production Council.

Indian State Completes Dam of Unusual Construction

Completion of the Dindi dam which was started in 1940 in the State of Hyderabad, India, has been announced. The outstanding feature of the dam is the masonry ogee spillway which allows 9½ feet head of water to plunge 75 feet into the river bed without scouring the latter or damaging the dam itself. An especially constructed concrete trough with dentations, and the molding of the ogee itself, serves as an effective breakwater which dissipates the energy of the mass of water made to roll back on itself and flow away gently. The spillway is 100 feet long in the lowest part of the river bed and is flanked with several 2,500-feet-long earthen embankments designed to prevent erosion and reduce seepage. It is believed that a dam of the usual masonry construction would have cost about 2,000,000 rupees more than this locally devised composite structure.

As a result of the project, 47,600 acres of land can be irrigated, and water now is available to 34 villages. The cost of the project was estimated at 3,530,000 rupees ($1,059,000 at the present exchange value of the rupee.)

Cuba

Wartime Commodity Controls

Beef: Slaughter, Distribution, and Consumption Now Prohibited on Tuesdays and Fridays.—The Cuban prohibition on the slaughter of cattle and the distribution and consumption of beef, already established for Friday of each week, has now been extended to Tuesday of each week by Resolution No. 304 of the Cuban Office for Regulation of Price and Supply, published in the Gaceta Oficial of February 16, 1945. The ban was established for an additional day because drought conditions have caused cattle to lose weight, with the result that less cattle have been marketed. The prohibition will be in force for an indefinite time.

[The prohibition for slaughter, distribution, and consumption of beef on Fridays was established by Presidential Decree No. 2625 of September 19, 1943. For announcement see FOREIGN COMMERCE WEEKLY of October 16, 1943.]

Tariffs and Trade Controls

Toothbrushes of Natural Vegetable Fiber Classified for Import Duty Purposes.—Toothbrushes of natural vegetable fiber imported into Cuba are to be dutiable under Cuban customs tariff item 180–F, according to Cuban Customs Circular No. 26 of February 28, 1945. Toothbrushes made of bristles will continue to be dutiable under item 143–C, under which item all toothbrushes imported were formerly classified.

[Cuban customs tariff item 180–F covers brooms and other unspecified fine manufactures of rushes, cane, vegetable hair, palm fronds, wicker, fine straw and similar materials. The rate of duty is $0.38 per kilogram for United States goods and $0.48 per kilogram for other countries, with both rates subject to a surtax of 12 percent of the duty. Cuban customs tariff item 143–C includes toothbrushes of bristles, hair, and horsehair. The rate of duty for the United States is $0.70 per kilogram with a surtax of 10 percent of the duty, and for other countries, $1.20 per kilogram with a surtax of 12 percent of the duty.]

Excise Tax on Sugar for Domestic Consumption Reduced by 50 Percent for the 1945 Crop.—The Cuban excise tax of $0.44 per 100 pounds of raw sugar for domestic consumption established by Decree Law No. 1 of December 31, 1941, has been reduced to $0.22 per 100 pounds for the 1945 crop, in accordance with Ministry of Treasury Decree No. 539 published in the Official Gazette of February 27, 1945. The decree also establishes a ceiling price of $2.9074 per 100 Spanish pounds of domestic consumption raw sugar, to which the producer may add the above tax.

It is also provided in this decree that the Sugar Stabilization Institute shall set up a fund from proceeds of the sale of 1945 sugar to countries other than the United States. From this fund, producers who have sold domestic-consumption sugar will receive payments so that the total price received for this sugar will be equal to the price of sugar sold to the United States.

Egypt

Economic Conditions

REVIEW OF CONDITIONS DURING 1944

During 1944 Egypt's chief economic gain was derived from supplying goods and services to the Allies. Among Egypt's assets were the ability to maintain a certain self-sufficiency, by Egyptian standards, in the production of essential foodstuffs, although that capacity showed the cumulative effects of 5 years of strain; the rise of sterling balances in Egypt's favor; and the maintenance of a satisfactory fiscal position. The chief item on the other side of the ledger was the impairment of agricultural production which has resulted from the wartime exploitation of the soil, restrictions on acreage, and inadequate imports of fertilizers and agricultural and transportation equipment. Other lia-

bilities included the obsolescence and under-maintenance of industrial plant; the scarcity of consumer goods; and rising price levels.

Farmers received more money for their crops in 1944 than in preceding years, but they also had to pay out much more. Based on official wholesale prices, the value of production (without deductions for taxes, labor, and maintenance and interest charges) amounted to about £E110,000,000, as compared with the estimate of £E102,600,000 in 1928. Costs, however, were so much higher than previously that the net income to the farmers in 1944 may have been no greater than £E60,000,000, an amount permitting them to reduce their indebtedness and have a small margin. The amount in loans owed the banks by farmers was lowered, according to preliminary estimates, from £E38,000,000 in 1939 to about £E20,000,000 in 1944.

Among the factors creating a serious situation for agriculture was the small amount of fertilizers which could be imported. (Egypt produces only a small fraction of its fertilizer requirements.) It may require years to remedy the exhaustion of the soil which has resulted from the inadequate amounts of fertilizers available to Egypt during the war years. The shortage of shipping space has also seriously handicapped farmers in another respect; the depreciation of agricultural tools and implements has been tremendous, since imports have been confined to the barest minimum for 5 successive years.

Cotton Crop

Cotton cultivation in 1944 was subject to the general restrictions of the preceding year, under which 22 percent of the cultivable area of the North Delta and 15 percent of the cultivable area of the remainder of the country were allowed to be cultivated.

By a law of August 13, 1944, the following amendments to previous legislation restricting cotton acreage were accepted, which apply to the agricultural year 1944–45: (a) 27 percent of the land of any one owner in the northern zone of Lower Egypt may be planted to cotton, instead of the 22 percent in 1943–44; and (b) 20 percent of the total land owned elsewhere may be planted to cotton in lieu of the previous 15 percent. Thus the total area to be allocated for cotton production in 1944–45 is 940,000 acres, it is estimated, as compared with 891,000 in the preceding year and 740,000 acres in 1942–43.

The amount of the 1943–44 cotton crop and the estimate of the 1944–45 crop are shown in the table following:

Kind	1943–44	1944–45 [1]
	Metric tons	*Metric tons*
Long staple, 1⅜ inches and longer	119,855	150,465
Medium staple, 1¼ inches to 1⅜ inches	674	270
Short staple (upper)	36,467	46,456
Total	156,996	197,191

[1] Estimated.

The Government increased the minimum prices at which it would take cotton in 1944, as in 1943. At the end of 1944 prices in private transactions increased upon announcement of the Cotton Coordinating Committee's buying policy. The Committee's prices are not declared officially, but free spot dealings in the interior were much higher than the limits at which the Government was prepared to buy. The reason given for the high prices was that the short-staple crop can be consumed by Egyptian mills, which have become prosperous on war work, the prices of raw cotton being secondary in the light of the present absence of foreign competition. A rather general opinion obtained in Egypt that cotton prices must go higher.

Other Crops

A decided decline took place in the wheat harvest in 1944, 946,000 metric tons having been produced as compared with 1,291,650 in 1943. The yield per acre also was smaller than that of the preceding year, giving warning of the necessity of enriching the soil. As in the preceding year, a large part of the wheat crop was delivered to the Government at official prices.

Increased areas sown to corn, millet, and barley brought a greater total yield of these grains, a large proportion of the production of which went into private hands. Although the area sown to rice decreased slightly, good irrigation conditions increased the yield somewhat. The area sown to sugarcane increased, and production, although hampered by a shortage of labor, was expected to exceed the harvest of 1942–43 and to be in excess of the country's consumption needs. The Government having increased the price paid to growers about one-fifth, gross revenues were good.

Foreign Trade

In the first 11 months of 1944 Egyptian imports and exports amounted to £E70,669,000, an increase of £E11,348,000 over the corresponding period in 1943 and of £E12,279,000 over the corresponding period of 1938.

Imports in the 1944 period amounted to £E45,700,000 (£E35,769,000 in the corresponding period of 1943 and £E32,304,000 in that of 1938), and exports to £E24,969,000 (£E23,552,000 in the corresponding months of 1943 and £E26,086,000 in those of 1938). Thus the excess of imports over exports during the first 11 months of 1944 was £E20,731,000, as compared with £E12,217,000 and £E6,218,000, respectively, in the comparable months of 1943 and 1938.

The principal groups of imports during the first 11 months of 1944 (the comparable 1943 figures being given in parentheses) were as follows: Mineral products, £E13,860,000 (£E10,753,000); food and beverages £E9,296,000 (£E5,037,000); chemical products, £E5,411,000 (£E5,037,000); vegetable products, £E4,531,000 (£E3,366,000); and textiles, £E3,499,000 (£E4,365,000). The principal countries of origin of the imports were the United States, 13.2 percent; Iran, 12 percent; United Kingdom, 11.4 percent; Chile, 9 percent; and India, 7.8 percent.

In the first 11 months of 1944 textiles and textile materials (chiefly cotton) accounted for £E16,311,000 of the exports; agricultural products for £E2,731,000; petroleum products, £E981,000; and phosphate of lime, £E790,000. Egypt's principal customers in this period were India, 31.2 percent; the United Kingdom, 25 percent; the United States, 6 percent; and Palestine, 4.9 percent.

The Middle East Supply Center has abolished controls over a wide range of goods for 1945. Control is to continue over commodities making heavy calls on shipping, such as cereals and fertilizers. A considerable number of commodities in short world supply, such as motor vehicles, are to remain subject to MESC approval. A tonnage ceiling will still be enforced on total imports of goods not included in the two groups mentioned above.

Manufacturing

At the end of 1944 about 1,000,000 Egyptians—nearly twice as many as in 1927—were occupied in industry. The cutting off of normal trade in essentials and the presence of Allied troops within its territory had given Egypt an industrial spurt which otherwise might not have been attained for several decades. Egyptian industry in the main, however, was checked in 1944 by emergency con-

Paraguay Compiles Data From Farm Courses

Field work in connection with Paraguay's first regular farm census is nearing completion, according to reports reaching the Food Supply Division of the Institute of Inter-American Affairs, an agency of the Office of Inter-American Affairs.

Approximately 75,000 farm schedules filled in by local census takers have been received in the Asuncion office of the census, say the reports, and 32,000 schedules still remain to be reviewed. Field work in all localities was completed in December.

The project is being undertaken by the Paraguayan Government with the assistance of the cooperative food service in Paraguay. The cooperative food service is one of eight agencies created in as many of the other American countries to cooperate with technicians of the Institute in working out local and hemispheric food problems on a share-the-cost basis.

Emphasis in the Paraguayan census project has now shifted to the work of verification, coding and tabulating the figures. The data obtained will form the basis for administering the Supervised Farm Credit program, another project inaugurated by the cooperative food service. The data also will be used as a planning base for future agricultural development in Paraguay. Interpretation of the data is expected to take a considerable time.

trols. Manufacturers in some lines complained of increasingly difficult conditions of manufacture. Costs of materials in short supply, and of wages, maintenance, and repair, would have made operation impossible, they contended, had it not been for reserves of materials acquired at low prices several years ago. They requested relief in taxes and other measures to help them weather the transition between the war's end and the return of peace. The year was marked by debate concerning the rehabilitation of existing industry and the fostering of infant industry using local raw materials.

Construction

Building activities continued to mark time. The Aswan hydroelectric scheme to manufacture nitrogen compounds, which was given priority in a Government plan to improve the agricultural and industrial economy of the country, encountered delay. Irrigation projects, such as the strengthening of the Esna barrage and the third heightening of the Aswan dam, loomed large in the Government's plans to relieve post-war unemployment. Oil surveying was being carried on by foreign companies.

New Egyptian industrial enterprises included a plant which is beginning to extract lead from galena concentrates; a plant for the production of metallic and nonmetallic salts; and a paper mill, set up with locally constructed machinery, which is eventually to turn out paper and light board. Arrangements were made for the transfer of military nonferrous metal scrap to Egyptian industries for repair and maintenance of essential plant.

Railway Operations

The railroads in Egypt continued to contend with heavy traffic and an inability under war conditions to replenish equipment which had been used much beyond its originally designed limits. Freight carried by the State Railways from May 1 to October 31, 1944, amounted to 3,300,000 metric tons, as compared with 3,885,000 during the corresponding period in 1943. Passengers carried numbered 30,700,000, as compared with 30,846,000 in the 1943 period. Receipts from May 1 to October 31, 1944, amounted to £E7,384,660 as compared with £E6,963,612. Operating expenses amounted to £E3,333,929 (£E2,973,493 in the corresponding months of 1943), leaving net earnings of £E4,050,731, as compared with £E3,990,119 in the 1943 period.

Labor

Although it has been estimated that minimum wage rates have increased more than 100 percent since the beginning of the war, the cost of living has increased about 300 percent, the purchasing power of labor having thereby been decreased. The Government has approached the problem by lowering the costs of certain essentials and by providing cost-of-living bonuses to employees of industrial and commercial establishments, but these measures have been somewhat offset by profiteering and speculation.

By the provisions of a law effective August 15, 1944, certain classes of Egyptian workers were given unprecedented protection in individual contracts with employers as to working conditions. Under the aegis of the Ministry of Social Affairs an Unemployment Commission undertook to conduct research into the problems of post-war unemployment. It was believed that one of its administrative recommendations would be the formation of labor exchanges in the chief centers of the country, presumably to survey employment possibilities, inaugurate a placement service, and so forth.

Legislation

Emergency laws concerning the production, exchange, and consumption of goods continued in force throughout 1944. The most important measures enacted during the year concerned taxation; improvement of the cooperative societies; relations between employers and certain workers; the elimination of illiteracy; and the control of disease. Business circles were highly interested in suggestions that the Government modify wartime taxes, and informal promises that this would be done have been made by officials.

A concrete step in the direction of industrial planning in Egypt was the law passed early in 1944 providing for the taking of an industrial census every 3 years. No executive action had been taken under this authority by the end of the year, however.

The British Chamber of Commerce in Cairo has finished a study of Egyptian economic problems to guide Egyptian-British commercial relations. This report suggested, among other things, that Egypt inaugurate a tariff policy reasonable, flexible, and beneficial to the Egyptian consumer; liquidate military stocks under a control; collaborate with the British with regard to finance, equipment, and technical counsel; prevent wartime trade controls from becoming standard post-war policy; and form a joint Anglo-Egyptian Committee to study and advise on Egypt's post-war economic problems.

In anticipation of the post-war demand for trained technicians, the Egyptian Government provided the authority and means for the education of scores of technical students in England and the United States beginning in 1945.

Money and Banking

The striking feature with regard to Egyptian finance during 1944 was the continued increase of currency in circulation and deposits in banks. The volume of currency outstanding, which has increased every year since 1938, reached a new high on November 30, 1944, when notes in circulation totaled £E120,000,000 (1 Egyptian pound=about $4.15 in U. S. currency). The rate of increase of currency expansion, however, was checked for the first time since 1941.

Deposits in the National Bank, the overwhelming proportion of which constituted current deposits, amounted on November 30, 1944, to £E182,003,000, or £E34,970,000 more than on December 31, 1943. Government current and deposit accounts totaled £E67,263,000 at the end of November 1944, and private deposits £E86,960,000, an increase of about 48 percent in 11 months.

The business of the private banks was adversely affected by wartime restrictions on imports and exports, the progressive depletion of inventories of merchandise, and the accumulation of capital through the rendering of goods and services by Egyptians to the Allied forces. It is estimated that deposits in the 7 principal private banks (excluding the National Bank of Egypt), which account for about 90 percent of the volume of business done by the 15 private banks in Egypt (excluding the National Bank of Egypt), amounted at the end of November 1944 to £E77,675,000, an increase of about 40 percent over the amount at the end of 1943. The ratio of cash to deposits remained substantially the same as in the past several years, or between 25 and 30 percent. Loans of the 7 princi-

Sweden Makes Plans for Post-War Trade With Britain

Swedish credits to Great Britain have been discussed in Sweden recently. According to estimates in Stockholm papers, Swedish exports to Great Britain during the first 12-month period after V-E Day will amount in value to about $125,000,000, while imports will probably be worth only $75,000,000. A foundation for the development of Anglo-Swedish trade was created when, on March 6, a 5-year monetary agreement between the two countries was signed in London. The rate of exchange for regulating payments between the Swedish Riksbank and the Bank of England was fixed at the present average of 16.90 crowns to the pound. It was also agreed that the two Governments will cooperate in limiting capital movements to the amounts required for serving useful economic and commercial purposes.

While this agreement was being negotiated, preliminary discussions regarding Anglo-Swedish trade in the first post-war year were carried on. They centered mainly on the traditional commodities of this trade, such as wood goods, pulp, paper, iron ore, iron and steel, machinery, and matches from Sweden, and chemicals, textiles, refractory goods, certain minerals and base metals, iron and steel, and the like from Great Britain.

An official British delegation of building experts is at present in Stockholm to study in detail Sweden's facilities for the production of prefabricated wooden houses. The delegation is not authorized to conclude any final agreements, but will simply gather the necessary data for alignment with Britain's general plan of reconstruction.

pal private banks, it is estimated, did not exceed £E25,000,000 on November 30, 1944.

Business continued on the virtual cash basis inaugurated in 1942. For advances on cotton collateral the rate was 3½ percent to about a dozen first-class concerns, provided the loans exceed £E200,000, and 4 percent to others. The rate for other advances varied from 4 to 6 percent, depending upon the importance of the account and the amount of collateral. Interest paid on current accounts ranged from nothing to one-half of 1 percent for amounts above £E5,000, and for fixed term, ½, ¾, and 1 percent.

It has been estimated that total Egyptian credit and monetary items at the end of September totaled about £E355,000,000, as compared with £E303,000,000 at the end of 1943. Included in this total were current and savings accounts in the banks, £E242,600,000 (£E197,000,000 at the end of 1943); paper money in circulation, £E107,000,000 (£E100,000,000); and metallic money in circulation, £E5,603,000 (£E5,628,000).

Public Finance

Preliminary figures for the period May 1 to November 30, 1944, showed Government revenue at £E46,321,000, as compared with £E40,960,000 from May 1 to November 25, 1943. Expenditures during the 1944 period amounted to £E34,184,000, leaving a surplus of £E12,137,000. During the 1943 period expenditure amounted to £E29,018,000, resulting in an excess of receipts over expenditures of £E11,942,000.

Monthly receipts from May 1 to November 30, 1944, averaged £E6,617,000, as compared with the monthly average of £E66,475,000 for the entire preceding fiscal year. Monthly expenditure during the first 7 months of the 1944–45 fiscal year averaged £E4,884,000, as compared with the monthly average of £E5,992,000 during the 1943–44 fiscal year. Such wartime expenditure items as food subsidies, cost-of-living allowances, public health, and defense may be expected to bring the final expenditure figure for the year 1944–45 up to, if not in excess of, the estimate (£E76,689,000). However, the favorable monthly trend of receipts shown in the first 7 months of the year 1944–45 indicates that there might be a surplus at the end of the year, instead of the predicted deficit of £E3,999,000.

Revenue from May 1 to November 25, 1944, was derived chiefly from the following items: Customs, £E16,357,000; railways, £E9,971,000; and the land tax, £E3,793,000. During the comparable period in 1943 these items amounted, respectively, to £E13,942,000, £E9,301,000, and £E3,304,000.

The latest revision for the fiscal year beginning May 1, 1943, shows revenue as £E77,700,000 and expenditure as £E71,950,000. These figures result in a surplus of £E5,750,000, as compared with the originally estimated balance of revenue and expenditure at £E65,000,000. The Government's reserve fund by April 30, 1944, represented an increase of £E5,739,000 over the preceding 12 months and of £E15,200,000 over the 1941–42 fiscal year. The amount of the fund may have increased further during the fiscal year 1944–45. (On April 30, 1943, the Reserve Fund amounted to £E42,261,131. Figures showing the exact extent to which the Reserve Fund was reduced by the conversion of the debt are not available, but the reduction probably did not exceed £E10,000,000.)

Public Debt

Conversion of the Egyptian public debt was begun late in 1943 and was completed early in 1944. In September 1943, the public debt amounted to £E102,185,062. It consisted of the following: unified debt, 4 percent, £E53,869,198; preference debt, 3½ percent, £E29,868,130; guaranteed debt, 3 percent, £E623,707; Ottoman loan, 4 percent, 1891, £E1,737,372; Ottoman loan, 3½ percent, 1894, £E3,086,655; cotton loan, 1941, £E4,000,000; cotton loan, 1942, £E2,000,000; quarterly Treasury bonds, £E6,000,000; and yearly Treasury bonds, £E1,000,000.

In January 1945, the public debt amounted to £E92,001,850. This amount included the following national loans: 1¾ percent, £E3,000,000; 2¼ percent, £E5,000,000; 2¾ percent, £E11,003,880; and 3¼ percent, £E66,997,970; and quarterly Treasury bills, £E6,000,000.

Securities

The only available index of the course of quotations on the Egyptian Bourse is that of the Banque Belge et Internationale en Egypte. Sensitive to the economic developments of the moment and influenced by the volume of currency outstanding, stock and bond quotations in 1944 generally continued at the high levels of 1943, although they registered a slight average decline at the end of the year.

Prices and Cost of Living

Price indexes rose steadily in 1944. Measured by the wholesale-price index (June to August 1939=100) the momentum of the ascending trend was arrested somewhat in the first half of the year. The index in June 1944 was 310.5, or 17.8 above December 1943, but by the end of

Industrial Fair, Sao Paulo, Brazil

The Fifth National Industrial Fair at Sao Paulo, Brazil, was held late in November at the Parque Antárctica, which is equipped with 38 buildings. All but six of these were used to house displays of Brazilian products, the single foreign exhibit being one of foodstuffs from Portugal. In addition to the Federal and State government organizations, there were some 335 participants.

Many of the exhibits were of a kind generally shown at such fairs, while others merit special comment in view of their diversity and importance to the local community as suppliers of unmanufactured or semimanufactured materials.

Among the more important displays were those of crude zinc, sulphuric acid, and semimanufactured articles of zinc such as strips and tubes, all sorts of metal products including military supplies, and even plated and sterling silverware, as well as rails, metal stampings, and a limited number of airplanes for government use. Of special interest was a model miniature railroad marshaling yard, with diagrams and blueprints of railroad-car construction—much the same type of display as used at fairs in this country.

Textile manufacturers showed yarns, threads, silk hose, and a full range of cotton, rayon, woolen, and silk piece goods. Glass and ceramic goods as well as such foodstuffs as preserves, flour, cooking oils, and wines were in evidence. Among building materials shown were asbestos cement wall panels, bathroom fixtures, metal window frames, and a full list of metal hardware. Manufacturers of household furniture showed both conventional and modernistic designs, innerspring mattresses being prominently displayed.

Brazilian rubber fabricators displayed tires, tubes, belting, and a variety of articles made of rubber. Medicinal and pharmaceutical products including soaps, perfumes, veterinary preparations and patent medicines, clocks, office furniture, calculating machines, medical and dental equipment, leather goods, spark plugs, and scales all found places for display.

What by many was considered the most important exhibit covered current production range of local plants working in metals and manufacturing electrical equipment—such as stoves, heaters, radios, light bulbs, irons, and similar consumer items as well as cables, welding units, switches and motors, enamel and aluminum kitchenware, agricultural hand tools and implements, washing machines, woodworking machines and metal-working equipment, textile machinery, hoists, pumps, furnaces, driers, ventilators, pulleys, water and gas meters, and rock crushers.

The Fair afforded the first opportunity for manufacturers to demonstrate the progress made during the past several years under pressure of a steady and aggressive demand due to shortage of imports. They displayed a wide diversity of new articles which it is hoped will make Brazil at least partially independent of foreign sources of supply after cessation of hostilities.

While the variety of displays was wide, it by no means reflects the extent of recent developments. Motor-car assembly companies, industrial-chemical manufacturers, new metal-foundry organizations, and producers of heavy equipment are a few of the many whose products do not lend themselves to exhibition. The Fair actually gave producers a chance to demonstrate a cross-section of manufacturing possibilities, with emphasis on either consumer goods or, for the most part, at least finished articles and equipment. It did not afford an adequate opportunity for the producers of raw, semimanufactured, or processed materials to show what developments have taken place during the past few years.

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October 1944 it had jumped to 328.5, an increase of 35.8 over December 1943.

The cost-of-living index in October 1944 stood at 292, or 34.8 above that of December 1943 (June to August 1939=100). The retail food-stuffs price index in October 1944 reached the record of 330, an increase of 54 since December 1943 (1913–14=100).

Despite the legal controls that have been established, living costs were driven up by below-average crop yields, restrictions on imports, speculation, and the abundance of money, the chief burden falling, of course, on those in the very low-income and fixed-income groups. It is noteworthy that notwithstanding the steady dwindling of inventories, the rate of increase in the commodity-price level during the year was not appreciably greater than was the increase in the volume of currency issued. This fact may be attributed in part to Egypt's relative self-sufficiency with respect to food.

OUTLOOK FOR 1945

Egypt appears to have the instrumentalities to avoid a critical post-war condition of unemployment and excessive inflation, provided no complications from abroad interfere. Egyptians possess the finances and credit to improve the agricultural and industrial capacity of the country and to build new plants. Steps in this direction cannot be taken, however, until foreign production and shipping facilities are available.

It appears that on the whole Egypt will not fare less well in 1945 than in 1944. Expected arrivals of fertilizers and agricultural machinery should benefit farmers, after their years of working on relatively short rations.

Under the Middle East Supply Center's programming of commodities in 1945, a long list of essential items will be subject solely to the authority of the Egyptian Import Permit Office. These will be imported to the extent that they can be shipped and paid for within the limits of the sum of foreign exchange made available by arrangement between the British and Egyptian Governments. It appears probable that the United States will be asked to supply Egyptian requirements of food, raw materials, and manufactured products in a volume much larger than that of the pre-war period, since the United States has been made a loading area for commodities not heretofore (during the war) allowed to be imported.

Finland

Tariffs and Trade Controls

Import-Duty Surtax Further Increased.—The surtax applied on most Finnish import duties has been increased to 200 percent (formerly 100 percent) of the rates of the customs tariff of 1938, by a law and a decree of December 22, 1944, both effective throughout the year 1945, according to the Kommersiella Meddelanden, Stockholm, January 1945.

The surtax does not apply to duty rates consolidated by trade agreements with foreign countries, to duties on important food items, nor to those on cotton cloth, cotton yarn, footwear, and some other essentials.

Peas: Import-Duty Exemption Established.—The duty on peas imported into Finland has been removed by a decree of November 30, 1944, effective from that date until further notice, according to the Kommersiella Meddelanden, Stockholm, January 1945.

France

Tariffs and Trade Controls

Conditions of Foreign Trade Fixed in France and French Colonies.—The conditions of importation of foreign goods into France and into French oversea territories, and the conditions of exportation and reexportation from France and from French oversea territories to foreign destinations were fixed by a decree of November 30, 1944, published in the Journal Officiel of the French Republic on December 1, a ministerial order of December 18, 1944, published on January 16, 1945, and a notice to importers and exporters published on February 18, 1945. This decree, which also established certain formalities with regard to exchanges of goods between France and French oversea territories, as amended, contains the following provisions:

Section I—Prohibition of Importation of Foreign Goods.—The importation of foreign goods into France, under any customs regime whatsoever, is permitted only on the basis of an individual import license issued by the Central Service of Import and Export Licenses, under the conditions prescribed by the law of February 22, 1944, which is temporarily in effect. General derogations from this requirement may be authorized and will be published in the Journal Officiel in the form of notices to importers.

Requests for import licenses are to be made out in six copies on printed forms AC, conforming to the model deposited in the chambers of commerce.

Licenses issued are valid for 120 days for imports coming from European countries and 180 days for those coming from countries outside of Europe; these periods of validity do not include the day of issuance of the import license.

The provisions of the first two paragraphs of section I are applicable to imports from foreign countries into Algeria, the colonies, French protectorates and territories under French mandate; individual licenses for importation into these territories are issued by the governors general and governors or by their delegates.

Section II—Prohibition of Exportation of Goods to Foreign Destinations. The exportation and reexportation from metropolitan (continental) France, under any customs regime, of any article to a foreign destination is permitted only with an individual export license issued by the Central Service of Import and Export Licenses, under the conditions prescribed by the law of February 22, 1944, which is temporarily in effect.

General derogations, however, may be authorized and will be published in the Journal Officiel in the form of notices to exporters.

Requests for export licenses are to be made out in six copies on printed forms 01 conforming to the model deposited in the chambers of commerce. Licenses issued are valid for 120 days, whatever may be the country of destination; this period does not include the day of issuance of the license.

The provisions of the first two paragraphs of section II are applicable to exports from Algeria, the colonies, Franch protectorates and territories under French mandate to foreign countries. Individual licenses for exportation from these territories are issued by the governors general and governors or by their delegates.

Existing export prohibitions and restrictions are maintained in force under the previous regulations, on certain dogs, oysters, narcissus bulblets, maps, exposed cinematograph films, war matériel, carrier pigeons, poisons, gold and manufactures, and money, bank notes, and the like.

Section III—Control of Trade with the Enemy.—The importation into France, Algeria, the colonies, countries of French protectorate and countries under French mandate, under any customs regime whatsoever, of natural or manufactured products originating in or coming from the neutral countries designated by the ministerial order of December 18, 1944, is permitted only upon presentation to the customhouse of importation, of a certificate of origin and interest issued by the French consul in whose jurisdiction is found the place of production or of manufacture of the product to be imported. The countries designated are: Spain and her possessions (including Spanish Morocco), Liberia, Liechtenstein, Portugal and her possessions, Sweden, Switzerland, Tangier (International Zone), and Turkey.

The exportation or reexportation, to the destination of the foreign neutral countries indicated above, designated by the same ministerial order, of the goods specified on a list which is also to be fixed by ministerial order, is permitted only after presentation of an engagement of non-reexportation and of final destination, received and authenticated by the French consul in whose jurisdiction is found the place of destination of the product to be exported or any other document which, in certain cases, is permitted to be substituted for it by ministerial decision.

Detailed regulations govern shipments in transit through France from or to neutral countries and from or to Allied countries.

General or particular derogations to the provisions of the above two paragraphs may be granted by ministerial order.

The ministerial orders referred to in section III are issued by the Minister of Foreign Affairs, the Minister of the Interior, the Minister of National Economy, the Minister of Finances, and the Minister of Colonies. The conditions of application of the first two paragraphs of this section are fixed by ministerial instruction and published as notices to importers and exporters.

Section IV—Relations Between Metropolitan (Continental) France and the French Oversea Territories.—The shipment of reshipment out of metropolitan France, under any customs regime, of any article to the destination of Algeria, the colonies, the countries of French protectorate and the countries under French mandate is made subject to an authorization of shipment issued to metropolitan shippers by the Central Service of Import and Export Licenses. The authorizations of shipment thus issued are valid as authorizations of importation into the French overseas territories.

The shipment or reshipment out of Algeria, the colonies, the countries of French protectorate and the countries under French mandate, under any customs regime, of any article to the destination of metropolitan France is made subject to an authorization of shipment issued to the shippers of oversea France by the governors general, governors and residents general, or by their delegates.

The authorizations of shipment thus issued are valid as authorizations of importation into the metropolitan territory (continental France).

The provisions of the first paragraph of section IV are applicable to exchanges of goods between Algeria, the colonies, the countries of French protectorate, and countries under French mandate.

General derogations to the above provisions may be authorized.

Section V—Common Provisions.—Individual authorizations for importation and exportation are issued in conformity with plans for exchanges of goods and transportation established by the Government.

Special arrangements are made for "prior-agreement" licenses.

General Exceptions to Import and Export License Requirements in France and French Oversea Territories.—General exceptions to the requirements for import and export licenses, established by the decree of November 30, 1944, were contained in the notice to importers and exporters published in the Journal Officiel of the French Republic on February 18, 1945. (See the foregoing item.)

The list of exceptions upon importation includes the following:

Parcel-post packages, express packages not exceeding 20 kilograms in weight, postal packets, not presenting a commercial character, addressed by private persons to private persons, and excluding multiple shipments made by the same person or to the same addressee;

Samples, with or without market value, accompanying commercial travelers or not;

Shipments addressed directly to the Entr'aide Française or the Red Cross, without intermediary and admitted duty free;

Imports effected by sea route (voie maritime) and for the account of the State by the Service of Imports and Exports;

Newspapers, periodical publications, books in French or foreign languages, printed music and films of current events; importers must present a declaration-authorization of importation visaed by the Exchange Office;

Various other exceptions for packing, temporary importation, or exportation, returned goods, travalers' baggage and provisions, and the like.

The list of exceptions upon exportation includes samples, packing, temporary exportations, travelers' goods, and the like.

French West Africa

Tariffs and Trade Controls

Suspension of Import Surtax on Foreign Goods Continued for Additional 6 Months.—The schedule of import surtaxes on goods of foreign (non-French) origin imported into French West Africa, which had been suspended since October 23, 1943, has been suspended for an additional period of 6 months beginning October 21, 1944, by order No. 476 A. P. of February 12, 1945, promulgating a French decree of December 26, 1944, and published in the Journal Officiel of French West Africa on February 24,

[See FOREIGN COMMERCE WEEKLY of October 21 and November 25, 1944, for announcements of this suspension and a previous continuation.]

French West Indies

Transport and Communication

Public-Works Program.—A new loan of 200,000,000 francs has been proposed for Martinique, French West Indies, to be spent on a public-works program. Among the items listed are: 50,000,000 for port works at Fort-de-France; 35,000,000 for improvements to highways; and 5,000,000 as a payment to start the construction of an airfield.

Haiti

Tariffs and Trade Controls

Export Quotas of Specified Foodstuffs for Certain Areas Fixed for 1944–55.—The export quotas of specified foodstuffs for the period October 1, 1944, to September 30, 1945, to be shipped from Haiti to British and Netherlands possessions in the Caribbean area, in accordance with the Haitian quota law No. 336, of December 17, 1943, were announced in the Haitian official press on November 30, 1944. According to the new quotas, 1,171 metric tons of foodstuffs and 510 head of livestock are to be exported to the British West Indies, representing an increase of 70 percent over the quotas fixed for 1943–44. Corn and rice remain the most important items listed for exportation to that area, but plantain bananas show the largest quota increase. The export quotas for the Netherlands West Indies remain fixed at 180 metric tons, but are limited to only two items, rice and corn, thus increasing the volume of these items to be exported to those islands by 60 and 21 percent, respectively.

[These export foodstuffs quotas are fixed by the Departments of Agriculture and Labor and of Commerce and National Economy in Haiti in order to assist the United Nations and their possessions in the Caribbean area in meeting wartime shortages. For previous announcement of the 1943–44 quotas see FOREIGN COMMERCE WEEKLY of March 18, 1944.]

India

Transport and Communication

Increase in Freight Carloadings.—Freight carloadings of the Indian Railways increased by 4.81 percent on the broad-gage and by 8.54 on the meter-gage in December 1944, compared with December 1943.

From April 1 to December 31, 1944, freight carloadings were higher by 3.3 percent on the broad-gage and 9.27 percent on thé meter-gage.

Kenya

Transport and Communication

Improvement of Roads.—The Roads Improvement Committee, appointed by the Government of Kenya to examine district roads, has recommended that £400,000 be spent on improvements, states a foreign publication.

Mexico

Tariffs and Trade Controls

New Import Tariff Items Created for Specified Products Used in the Manufacture of Tires.—New import tariff items to include two specified products used in the manufacture of rubber tires in Mexico have been created by Presidential decree of February 2, 1945, published in the Diario Oficial of March 3, 1945.

The new items and duties thereon are as follows: Cloths of artificial fibers when they have a mixture, in any proportion, of other fibers except silk, with a warp of cords, and a woof of yarns sufficiently separated from each other to serve only as a support to the cords (cloths commonly called cords, used in the manufacture of rubber tires), 0.15 peso per legal kilogram, and aqueous preparations having a rubber base, when it is proved that they will be used for the impregnation or preparation of cords or cloths for tires, 0.10 peso per gross kilogram.

The Mexican tariff already has an item covering cord made of cotton, on which the rate of duty is the same as on the new item. The purpose of the latter is to cover rayon cord, formerly dutiable at 15 pesos per gross kilogram under a rayon classification. The second new item is designed to tax importations now being made of a rubber preparation to rubberize the above-mentioned cord.

Temporary Duty-Free Entry Authorized of Specified Containers for Packing Guayule Rubber for Export.—The temporary duty-free entry into Mexico of cardboard boxes and paper bags to be used for packing Mexican guayule rubber for export has been authorized by customs circular 301–2–7 issued February 2, 1945, published in the Diario Oficial of March 3, 1945, and effective 10 days after publication. In order to be entitled to this treatment, the containers must be clearly marked so as to indicate their destination and to facilitate identification upon reexport. The paper bags must be composed of five layers one of which must have been treated especially for the protection of the guayule. This abrogates circular 301–2–32 issued March 2, 1944, and published in the Diario Oficial of March 27, 1944.

[For announcement of circular 301–2–32, see FOREIGN COMMERCE WEEKLY of April 22, 1944.]

Transport and Communication

Program for Water Transportation.—A comprehensive program of the Ministry of Marine of Mexico for 1945 covers work on maritime, fluvial, and lake transportation throughout the Republic.

This program includes the following points: Improvement in the coastal trade routes in the Gulf of Mexico, Caribbean Sea, and Pacific Ocean; establishment of regular navigation lines to North, Central, and South American ports, especially for perishable products; better service at ports and in their systems; encouragement and intensification of maritime projects, such as dikes, breakwaters, lighthouses, and shipyards; canalization of the most important lakes in the country and dredging of navigable rivers; and work looking toward the enlargement of the Mexican Merchant Marine.

Attention is to be given requests for the establishment of maritime navigation lines from the ports of Veracruz (State of Veracruz), and Tampico (State of Tamaulipas) to the port of Progreso (Yucatan). Navigable canals are to be increased in Lake Patzcuaro, Michoacan, and the Papaloapan. Dredging work is to be done on the Zula,

Palangana, and Papaloapan Rivers, and at Tampico, Veracruz, Alvarado, Alvaro Obregon, and Salina Cruz.

Shipyard, harbor, and dock works are to be stimulated to provide better services for coastal and foreign trade at Tampico, Veracruz, Progreso, Icacos, Tambuco, Coatzacoalcos, Cozumel, Chetumal, and at Manzanillo, Mazatlan, and Guaymas.

Proposed Construction of Highway.—The State of Chihuahua, Mexico, is completing preparations for construction of a paved highway between Ciudad Juarez and Porvenir to cost $619,800 (U. S. currency). The road will be of crushed rock and asphalt construction. Building operations were scheduled to commence in April and the road is expected to be completed during 1945.

The cities, which are approximately 40 miles apart, are both on the Rio Grande. Although various crops are produced in the Juarez Valley, the area is largely devoted to cotton culture.

New Zealand

Transport and Communication

Civil Aviation Schedule.—Union Airways of New Zealand, Ltd., on November 6, 1944, initiated an air service between Dunedin and Invercargill. This service is operated daily except Sundays and under present plans will remain in operation only during the summer months. The schedule of planes has been so rearranged that a through connection to Invercargill is available for southbound passengers on the Auckland-Dunedin route. However, on the northbound trip from Invercargill, through passengers for points north of Dunedin are required to remain in the latter city overnight.

Sweden

Tariffs and Trade Controls

Cast-Iron Pipe: License Control on Imports Established.—Effective from December 27, 1944, the importation into Sweden of bell and spigot cast-iron pipe (straight, full thickness) has been made subject to license from the State Industry Commission, by proclamation No. 792 of December 22, 1944, according to the Kommersiella Meddelanden, January 1945.

Export Restrictions: "Free List" Abolished.—The list of articles which could be exported from Sweden without permit has been abolished, effective from January 1, 1945, by a proclamation of December 22, 1944, published as No. 791 in Svensk Författningssamling.

The articles formerly exempt from export-license requirements included developed motion-picture film of Swedish production, a number of nonmetallic minerals, and most printed matter. For the time being the State Commerce Commission will except newspapers, periodicals, and fashion magazines from export-license restrictions.

Tanganyika

Transport and Communication

Road Program Proposed.—A 7-year road program to cost approximately £1,750,000 has been proposed by the Post-War Development Committee of Tanganyika, states the African press.

Union of South Africa

Economic Conditions

A serious drought during December and January jeopardized the food situation in the Union of South Africa to the extent that the institution of a rationing system was being considered. The shortage was particularly grave in corn, the staple food of the natives, and in dairy products. The idea of rationing food had been taken up at the beginning of the war and abandoned because of the heterogeneous population. Of a total population of approximately 10,000,000, more than 8,000,000 are non-European, speaking Bantu languages and various dialects.

Butter stocks at the end of 1944 totaled only 1,647,819 pounds, whereas at the end of the preceding year 3,707,130 pounds were available for consumption. Three factories recently undertook the production of margarine. Cheese stocks improved. In July of last year only 1,726,692 pounds were on hand. This figure had increased to 3,164,642 by December. Sugar production showed a promising increase, with the sugar year 1944–45 setting a new record in South African history. The output was 600,000 short tons, of which 481,000 were consumed domestically. Because of the prosperity prevailing in the Union, consumption of both sugar and butter has increased markedly.

In December 1944 the output of gold totaled 997,572 ounces, bringing the yearly figure to 12,277,228, a decline of 522,792 ounces from the 1943 production. With gold selling at 168 shillings an ounce this represents a decrease of £4,391,461, the value for 1944 being £103,128,715. This decline is explained by a shortage of labor and supplies. Though some mines have given notice of closing because they can no longer operate on a profitable basis there is active prospecting for new gold fields, particularly in the Orange Free State.

Exchange and Finance

The revenue of the Union Government for the period from April 1 to December 31, 1944, amounted to £88,573,065. For the same period in 1943 it was £79,592,695. Loan account receipts for the same periods were £176,915,155 and £147,434,713, respectively. The public debt rose from approximately £475,000,000 on the first of April to a total of £533,448,000 at the end of the year. The government's external debt was reduced from £106,102,708 in 1940 to £20,718,735 on March 31, 1943. In the fiscal year 1943–44 there was only a comparatively small reduction of £2,000,000.

The interest obligation on the public debt for 1 year was £14,842,465. The average rate on the external debt is 3.716 percent and on the internal debt, 3.103 percent. Of this interest, 95.33 percent was payable in South Africa, which was a slight increase over the previous year. The amount paid from revenue into the sinking fund was £980,247, bringing this fund on March 31, 1944, to a total of £11,640,303.

There should be set off against the government debt the very substantial assets held by the Union Government. As of March 31, 1944, there had been expended from loan funds on railways and harbors, £179,405,089; on telegraphs and telephones, £19,354,009; and on the government-owned iron and steel industry, £12,331,556. Of the interest payable on the public debt, it is estimated that nearly £6,000,000 was on the railways and harbors investment.

The report of the general manager of the South African Railways and Harbors Administration for the year ended March 31, 1944, shows that railway traffic was in record volume, that revenues reached new high levels, but that expenditures increased to an even greater extent. The income for the fiscal year 1943–44 was £53,066,401, as compared with £50,683,211 for the preceding year. Expenditures rose from £45,971,622 to $51,183,008, making a profit of approximately £2,000,000 for 1943–44, whereas for 1942–43 the profit totaled about £5,000,000. Passenger earnings for 1943–44 rose to more than £12,000,000, and more than 200,000,000 passengers were carried. The volume of freight transported reached a new record, nearly 38,000,000 tons. By the end of the 1943–44 fiscal year orders had been placed for 189 steam locomotives and 38 electric units. Since then 8 locomotives have been received—the first addition to the railway's engine power for more than 5 years—and 5 more are being built in the Union.

The South African Reserve Bank balance sheet denotes marked changes in the month of January 1945. The note circulation declined by virtually £3,500,000, while bankers' deposits rose by nearly £5,000,000. The Gold Coin and Bullion account increased by £1,800,000, which represents gold holdings at the statutory value—about one-half of the market price. Loans and advances to the government account fell from £10,800,000 to £1,000,000.

U. S. S. R.

Transport and Communication

Limited Mail Service to Specified Areas Resumed.—Letters not exceeding 1 ounce and nonillustrated post cards are now also accepted for mailing from the United States to destinations in Estonia, Latvia, and Lithuania, according to an announcement in the Postal Bulletin of February 20, 1945.

(Continued on p. 47)

News by COMMODITIES

Automotive Products

Number of Vehicles in Chile

No data are available for the number of motor vehicles in circulation in Chile in 1944, but reportedly the number increased over 1943. The number of private automobiles in use in 1943 was 21,017 compared with 30,742 in 1942; and automobiles for hire in 1943 totaled 4,525 compared with 4,259 in 1942.

The following table shows the figures for the years 1940, 1941, 1942, and 1943:

Number of Motor Vehicles in Circulation in Chile

Type	1940	1941	1942	1943
Automobiles	33,404	36,292	35,001	25,542
Autobusses	2,158	2,527	2,595	2,389
Trucks	14,306	15,628	17,898	18,058
Motorcycles	905	965	1,054	1,069
Total	50,773	55,412	56,548	47,058

Beverages

Spanish Exports

Spanish wines and cognacs found a ready market abroad prior to the Spanish civil war. The United States, England, Germany, Switzerland, and Cuba were the principal importing countries.

In 1941 exports of wines and liquors from Spain dropped to 18,000,000 liters (1 liter=1.0567 quarts) but in 1943 exports rose to more than 72,000,000 liters. During the first 9 months of 1944 exports of wines and liquors exceeded the 1943 total.

The 1944 wine harvest is unofficially estimated at from 18,000,000 to 19,000,000 hectoliters (1 hectoliter=26.42 gallons), which is about 75 percent of the pre-civil-war yield.

Chemicals

New Sulfate Plant, Quebec, Canada

The aluminum sulfate plant now under construction at Arvida, Quebec, by the Aluminum Co. of Canada is scheduled for completion during the first half of 1945, says a foreign chemical magazine. Its capacity will be about 40,000 tons annually, or sufficient to meet Canadian needs.

Acids Situation, Canada

Canadian production of tar acids continues comparatively low and imports of cresylic acid from the United Kingdom are being used to help meet civilian needs, according to a report by the Dominion Chemicals Controller.

Since ascorbic acid reached capacity production in the latter part of 1944, it has been possible to allocate some for civilian use. The acetone situation has improved slightly, but chlorine, toluol, phthalates, and phthalic anhydride are in tight supply, and the citric-acid shortage is more acute.

With increased supplies, control over potash fertilizers has been relaxed.

Canadian Foreign Trade

Canadian exports of chemicals remained at practically an even level during January compared with the preceding month, according to the Dominion Bureau of Statistics. Total values are given as $8,011,000 and $8,116,000, respectively.

Fertilizer exports increased from $1,936,000 in December to $2,428,000 in January. Soda compounds also showed an increase.

Canada's imports of chemicals in January were valued at $6,146,000. During the preceding month, imports amounted to $5,881,000.

Canada's imports of inorganic chemicals amounted to $775,000 in January, an increase of 15 percent over the preceding month's total of $672,000, according to the Dominion Bureau of Statistics.

Soda and soda compounds accounted for $314,000 of the total, compared with $258,000 in December.

Market for Plastics, Ecuador

Only a small potential market for plastic products exists in Ecuador, the chief demand being for tableware and kitchen utensils. These items are expensive in Ecuador, and it is believed that a low-priced line would be well received. United States manufacturers should, it is felt, find no difficulty in supplying the demand.

At present the principal plastic products imported by Ecuador are combs, toys, buttons, and tableware. Prior to the war, Germany and Japan were the main suppliers but the United States percentage began to increase in 1939 and in 1941 and 1942 the United States had no important competitors. In 1943 however, Argentina, Colombia, and Mexico entered the market, and, although the United States still leads, the percentages furnished by these countries are increasing.

There is no production in Ecuador which uses plastics raw materials, except an annual consumption of approximately 1,200 pounds utilized in paints and varnishes. The few concerns which use natural materials, such as manufacturers of tagua-nut buttons, find native products less expensive than imported plastics.

Sulfur Imports Into French Morroco

Only 460 metric tons of sulfur were imported into French Morocco in 1944, whereas annual needs total 1,200 tons. However, Oïdium was not severe and wine production was not affected.

Haitian Imports

Haitian imports of chemical and pharmaceutical products were valued at 2,025,000 gourdes in the fiscal year 1943–44, increasing 26 percent over the 1942–43 total of 1,606,000 and 112 percent over the 1941–42 figure of 952,000 gourdes.

The 1943–44 total represents an increase of 1,200,000 gourdes over the average for the 3 fiscal years from 1938 to 1941.

New Plant, Juarez, Mexico

A plant has been constructed in Juarez, Mexico, for the production of calcium arsenate to meet the needs of agriculturists, particularly cotton growers, in that area. Operations are expected to commence this spring.

One metric ton of calcium arsenate and 100 kilograms of arsenic acid will be produced daily.

Sweden's Merchant-Marine and Shipbuilding Position Today

The Swedish merchant marine totaled 1,274 steam and motor-driven vessels, with an aggregate of 1,475,000 gross tons, as of December 31, 1944, according to the latest statistics published by the Association of Swedish Shipowners. Wartime losses have amounted to 600,000 gross tons, or about 900,000 tons deadweight. At the end of 1939 the aggregate gross tonnage of the Swedish merchant fleet had been 1,533,700 tons. Replacements by new vessels built in Swedish yards during the war have not yet, therefore, entirely made up for losses.

On the other hand, more than 300,000 tons deadweight of shipping constructed during the war for Norwegian owners are awaiting delivery in Swedish yards. None of these vessels measures less than 9,000 tons deadweight, and among them are several tankers of over 15,000 tons. Wartime construction in Sweden has been kept going partly by materials, mostly steel plates, obtained from Germany. Deliveries of ships to that country, however, remained in the neighborhood of 20,000 tons. Construction of new vessels may now be hampered by lack of materials, unless imports can be resumed soon, says a statement by the American-Swedish News Exchange.

Developments in India

Large-scale production of fertilizers in Travancore, India, will be undertaken by Fertilizers and Chemicals (Travancore), Ltd., which has a capital of £3,750,000, states a foreign chemical magazine.

Production is expected to start in 1946, which will give employment to approximately 4,000 workers. The annual output is expected to be 50,000 tons of ammonium sulfate.

It is planned to spend about £750,000 in the United States for equipment.

About 400 pounds of cream of tartar were produced at a pilot plant in Mysore, India, in the fiscal year 1942–43, according to the annual report of the Mysore Board of Industrial Planning and Coordination. Progress is also reported in the erection of plant for making acetic acid and sodium acetate.

Production of phenol-formaldehyde and urea-formaldehyde plastics is being investigated by the Mysore Iron and Steel Works, it is stated. The company is also considering the manufacture of furfural from rice husks.

Pyrethrum is being cultivated in the State of Travancore, India, says a foreign chemical magazine. Results are stated to have been encouraging and may lead to the establishment of a pyrethrum industry.

Imports, Panama

The value of imports of chemical products into Panama declined from $4,417,302 in 1943 to $3,424,221 in 1944. Principal decreases were in soaps, pharmaceutical preparations, and essences and extracts.

Paint and varnish imports, which are included in the chemicals group, showed a substantial increase—from $236,000 in 1943 to $319,600 in 1944.

Alcohol Production, Panama

Production of rectified alcohol in Panama totaled 1,245,195 liters in 1944, compared with 1,323,512 in 1943 and 1,071,157 in 1942. The output is consumed principally by the domestic liquor industry.

Peruvian Imports of Citric and Tartaric Acid

Peru's imports of citric and tartaric acid amounted to 55,854 kilograms in 1943, valued at 452,877 soles, compared with 48,541 kilograms, valued at 414,744 soles, in 1942, according to official Peruvian customs statistics. Argentina was the leading supplier in 1942 and a major supplier in 1943. Imports from the United States increased substantially in 1943 over the preceding year.

Sulfur Production, Spain

Sulfur production in Spain totaled 32,000 tons in 1944, according to the foreign press. The entire amount will be consumed by the domestic market.

Increased output will be needed in 1945 for the rising synthetic-fiber production, it is stated.

Superphosphate Production, Sicily

The shortage of fertilizers continued in Sicily in 1944, although the most urgent needs were supplied by the Allies.

Britain Looks to Its Building-Material Supplies

Attention is being given to the supply of building materials in Great Britain to insure an adequate quantity when building begins after V-E Day.

The stock of bricks is about 1,000,000,000, and brickyards now open can produce 4,000,000,000 a year. Closed brickyards are kept in order so that operations may begin promptly when labor is available.

Only 20 percent of the tile industry has remained open during the war, but 30 percent of the largest works are being reopened now. The yearly pre-war capacity of this industry was 1,200,000,000 clay and concrete tiles.

Plaster-board shortages have been serious, the demand for plaster-board for repairs in London alone being more than the total capacity of the country to produce.

Shortages of glass have been reported. It is now possible to install about 50 percent clear glass and 50 percent opaque glass in a proportion of the windows in essential rooms, and this is being facilitated by a new mobile glazing organization.

Three superphosphate plants, part of the Montecatini group, resumed operations. The largest of these has a monthly capacity of 2,500 metric tons. It was hoped that shipping conditions would permit the importation of sufficient phosphate rock from North Africa to enable these plants to produce most of the superphosphates to meet local requirements. Phosphate-rock imports amounted to 15,000 metric tons in 1944.

South Africa to Receive Potassium Nitrate From India

Arrangements have been made to make available in the Union of South Africa supplies of potassium nitrate from India, says a foreign chemical journal. The material is needed for purposes other than fertilizers, it is stated.

Combine, U. S. S. R., Begins Operations

The first section of the Alapayevsk charcoal and chemical combine has begun operations, which include a full chemical cycle, says the Soviet press. Kezlev distillation equipment is used, it is stated.

Research Developments, U. K.

Delanium, Ltd., was registered in the United Kingdom early in 1945 as a private company to undertake research on the production of various substances from coal, petroleum, and other materials. The concern is the result of several years of joint research, particularly in the field of plastics, by Powell Duffryn and De La Rue (Plastics).

Coal, Coke, and Fuel Gases

Imports, Dominican Republic

Imports of coal, coke, and other combustibles into the Dominican Republic in the period January to August 1944 totaled 507,823 kilograms valued at $4,762.

Coal Production, Ancash, Peru

Deposits of anthracite coal in the Ancos-Galgada region of the Department of Ancash, Peru, were exploited in 1944 to supply coal for domestic consumption and for export. Exports in the first 11 months of 1944 amounted to only 8,097 metric tons, however, as the high ash content of the coal resulted in difficulties in marketing in other countries in South America. To produce a better product, the installation of washing plants is planned.

Natural-Gas Consumption, Juarez, Mexico

Approximately 3,790,000 cubic meters of natural gas are being used annually in the city of Juarez, Mexico, by customers of the locally owned gas company. The gas is piped in from El Paso, Texas, being purchased from the gas company of that city.

The Juarez company, which is the only utility company of its kind in all of the northern part of the State of Chihuahua, with an area of about 30,000 square miles and estimated population of 100,000, has a 50-year concession to operate the pipe line. No bottled gas is being sold in the locality.

Propane Gas Manufactured in Peru

There are no plants for the production of natural or manufactured fuel gas in Peru, but bottled propane gas is being manufactured by a Canadian firm at a plant in Talara. This gas is distributed in steel cylinders by a Peruvian firm to approximately 1,000 homes and 200 commercial houses located in 25 points throughout the country. The company retailing the gas also sells gas stoves and water heaters in which propane gas can be used, and laboratory equipment and other related items which are imported, for the most part, from the United States.

Coal and Gas Situation, Switzerland

With German exports of coal to Switzerland practically, if not wholly, cut off, the Swiss Government has been forced to take drastic regulatory measures to conserve the country's remaining small supplies of coal. Normally, Switzerland imports 3,700,000 metric tons of coal annually. Many coal-consuming industries, including the iron and machinery

Wartime
Shortcuts and Savings will
Pay Profits After the Victory

industries and parts of the pharmaceutical industry, will have to substitute large quantities of wood, peat, and domestically produced briquets, and householders face considerable cuts in fuel coal.

Meanwhile a serious situation confronts those depending on gas for cooking purposes. Under the present schedule, the country's 76 gas plants have had their coal allotments cut to a fourth of their pre-war consumption, making stringent rationing measures necessary. Over 90 percent of the population is affected. The gas is being rationed in amounts proportionate to the number of members in a family, but even under this system, supplementary methods of cooking food will have to be provided by public agencies. Even hospitals, restaurants, hotels, and boarding houses have had their gas ration cut 50 percent.

Construction

Projected Construction, Rio Grande do Sul, Brazil

Construction projects reported as under consideration by the State of Rio Grande do Sul, Brazil, include the building of five large dams, two coal-burning electric-power plants, and several primary and high schools throughout the State. According to the local press, the Brazilian Government may contribute extensively to funds for several of these projects.

Canadian Construction Awards

Contract awards for construction in Canada during 1944 approximated $292,000,000 (Canadian currency), an increase over awards in the preceding year which were valued at $206,000,000, says an official Dominion publication. During the fourth quarter of 1944 construction awards totaled $57,557,000 and were distributed as follows: Residential, $22,257,000; business, $14,706,000; industrial, $15,276,000; and engineering, $5,318,000.

Public-Works Expenditures, Chile

Expenditures of the Chilean Bureau of Public Works during 1944 totaled $12,834,592, an increase of approximately $2,500,000 over expenditures of the preceding year. Of the 1944 total, $2,113,542 was used by the Irrigation Department, $1,758,544 by the Architectural Department, $1,414,119 by the Hydraulic Department, and the remainder by the Road and Railroad Departments.

Activity in the Gold Coast

Although activity in the Gold Coast during 1944 was hampered by the scarcity of materials, water drainage and other antimalarial projects were carried out by the Government with the cooperation of British and American military authorities.

Even before hostilities cease, the Gold Coast Government plans to start a large-scale construction program which includes the building of Federal offices, hospitals, schools, highways, and State-owned housing developments. Housing projects for natives in and near Accra are planned to cover a 4-year period at a cost of approximately £800,000.

Electrical Machinery and Equipment

Electricity Consumption, Paris, France

A February press report of the supply of electricity in Paris, France, states that electric current was cut off from 8:30 a. m. to 1 p. m., when it was resumed for an hour, after which it was discontinued until 5 p. m. Despite these restrictions, more electricity was being consumed in the Paris region than before the war. The increased consumption is attributed to a shortage of coal caused by transportation difficulties.

Despite war-inflicted damage to the lines and transformer stations of the Massif Central Hydroelectric Plant, electricity is transmitted over this network. The freezing of the Massif water supply was reflected in a reduced supply of electricity.

Electricity Sales, Montevideo, Uruguay

Sales of electrical energy in Montevideo, Uruguay, in 1944 increased to 254,819,472 kilowatt-hours from 196,104,971 kilowatt-hours in 1943.

Foodstuffs and Allied Products

China's Crop Acreage and Production

Estimates of acreage and production of major crops, just released by the National Agricultural Research Bureau of the Ministry of Agriculture and Forestry, Chungking, indicate that Free China's crops in 1944 were substantially larger than in 1943, while the acreage under various crops slightly increased. Estimated rice acreage has remained fairly constant during the past decade at approximately 4,950,000 acres, and wheat acreage increased from about 2,725,000 acres in pre-war years to around 3,625,000 acres in 1944. The estimated increase of 1944 over 1943 was, however, less than 150,000 acres.

The most important crops were estimated for 1943 and 1944 as follows:

[In millions of pounds]

	1943	*1944*
Rice	67,184	77,164
Wheat	21,958	27,366
Sweetpotatoes	31,998	34,548
Sugarcane	10,596	11,438

Coffee, Tea, and Cocoa

Costa Rica's Cocoa Crop

Costa Rice's cocoa crop suffered from the effects of severe storms in 1944, and exports were below those of the preceding year.

At the beginning of 1944 the cocoa industry had not recovered from the damage caused by the heavy storms of the last quarter of 1943. However, by the middle of 1944 the first crop, a small one, was being harvested and the industry was recuperating. This improvement continued until the second or main crop, that of October, was being cultivated. This crop was estimated at from 25 to 40 percent larger than previous normal crops and exports of cocoa continued to rise. Torrential rains in November and December damaged the bulk of the crop severely. As a result, exports for 1944 fell to 9,220,795 pounds, valued at $836,564, as compared with 12,224,842 pounds, valued at $1,110,306, in 1943.

No statistics indicating the average yield of the Costa Rican cocoa crop have been compiled, but production in a normal year is unofficially estimated at about 100,000 bags of 154 pounds each, or 15,400,000 pounds.

About 80 percent of the cocoa crop is exported and for that reason export figures give a fairly reliable estimate of annual production.

More than half of Costa Rica's cocoa exports went to Colombia in 1944 with Mexico ranking as the second most important export country in that year. The United States took only about 9 percent of cocoa exports in 1944 as compared with about 23 percent in 1943.

The deterioration in the position of the United States which in 1942 took almost twice as much Costa Rican cocoa as Mexico and Colombia combined, is attributed to the fact that higher prices are paid in both Latin American countries than in the United States. It is also reported that there is a large and increasing demand for cocoa from Columbia.

Coffee Sales, El Salvador

Although by the end of January 1945, registered sales of coffee in El Salvador were substantially below those for the

Argentina's Tire Experiments and Expedients

Various experiments are being made in Argentina to find a satisfactory means of meeting the current shortage of rubber tires. Methods for conserving tires as well as the use of substitute materials are being tried out. Leather straps around the tire to save wear and perforated metal tires are several of the methods that have come to light.

In February a new type of tire consisting of a series of wooden sections pressed together between two plates of iron fitted to the normal tire rim put in its appearance. Tests made of the use of these on the rear wheels of trucks indicated that approximately 5,300 miles of wear might be expected on level or macadam roads from such tires. When the surface of the tire is worn down the wooden sections can be replaced at less than one-third the original cost. Limited quantities are being manufactured by a Buenos Aires firm. Their use, however, is recognized as purely an emergency measure.

corresponding period of the preceding year (291,092 bags of 60 kilograms each, as compared with 1,051,769 bags), total exports for the expired portion of the quota year (October 1, 1944, to January 31, 1945), aggregated 185,235 bags as contrasted with 232,563 bags exported during the comparable period of 1943–44.

On January 31, 1945, total stocks of Salvadoran coffee on hand at the Salvadoran ports and the port of Puerto Barrios in Guatemala totaled 266,074 bags, or approximately 139,000 bags more than the amount on hand at the end of January 1944.

Tea Production, India

Various difficulties were encountered by tea producers in northern India during the 1943–44 crop season and in the early part of the 1944–45 season. Supplies of coal at the tea factories were inadequate, there was a shortage of labor in the gardens and a lack of fertilizer and tea chests, and there were difficulties in moving the crop. In 1944, however, conditions improved, and toward the end of the year the situation was regarded as favorable. Production of tea for the current season has reached a satisfactory level, with an estimated total of 407,000,000 pounds for northern India, and the movement for export can be considered satisfactory.

Procurement and allocation of tea for export from northern India continued to be under the auspices of the British Ministry of Food throughout the year and was handled in Calcutta under the supervision of the Tea Controller for India.

Current opinion in the trade is that the 1945–46 tea crop in northern India will be larger than the 1944–45 output.

Fish and Products

Belgian Herring Catch

During the past three winters Belgium has been fortunate in having large herring runs. In view of the lack of meat and mussels, this has been invaluable to the country, as the fish have supplied a substantial part of the protein requirements of the inhabitants.

The Belgian herring season lasts from about the middle of December to the middle of March. In the 1941–42 season the catch was 10,148,293 kilograms; in 1942–43 the total was 45,698,519 kilograms; and in 1943–44 the catch was 47,478,255 kilograms. In the current season arrivals at port had totaled 21,547,447 kilograms through February 5, 1945, or about 10,000,000 kilograms less than on the corresponding date last year.

In addition to the herring caught by the Belgians, certain German boats, fishing for the German account, caught relatively small quantities of herring in Belgian waters. Data on such takings are not available.

The magnitude of the recent herring runs can be judged by comparison with pre-war figures. During the calendar year 1938, the volume of herring landed at Belgian fishing ports was only 5,883,382 kilograms and in 1939 it was 7,687,486 kilograms. Moreover, the herring catch in the past few years has been larger than the total Belgian fish catch before the war; the volume of all fish landed at Belgian fishing ports was 39,135,07 kilograms in 1938 and 39,860,137 in 1939. Now herring constitutes the entire fish catch, whereas before the war, large quantities of other fish were caught.

Brazilian Fishing Industry

The 1944 catch of fish of the Sao Paulo, Brazil, fishing industry amounted to 9,693,388 kilograms (1 kilogram=2,2046 pounds), for which the fishermen were paid 14,601,061 cruzeiros, or approximately $730,000, as compared with a catch of 5,389,335 kilograms in 1943, valued at 8,380,256 cruzeiros, or $419,000.

The Brazilian fishing industry has been under Government control since December 4, 1942, when the Executive Fishing Commission (Comissão Executiva da Pesca) was set up with central offices in Rio de Janeiro and regional offices in each State in the country. The Commission has full control over fishing activities and the distribution of fish. In the State of Sao Paulo an official of the State Secretariat of Agriculture, Industry, and Commerce was designated regional delegate of the Commission, and the distribution of fish was entrusted under contract to Melhoramentos da Pesca Cananea, S. A. (MEPESCA), a private company organized in February 1942.

MEPESCA began the direct distribution of fish to consumers in April 1943. At that time all the fish was delivered to it through the Commission, but the company itself was able to distribute only 20 percent of the catch through its then existing facilities. Not until March 1944 was MEPESCA able to distribute the entire catch. It is therefore practically certain that the 1943 figure given above represents only the catch from April to the end of the year.

After deductions for losses there remained 9,265,610 kilograms to distribute to the consumer in 1944 in comparison with 4,948,048 kilograms in 1943.

MEPESCA's records show that 2,569,679 customers were served through its facilities in 1944 as against 481,610 in 1943. For the reason already explained only the 1944 figure has much significance and this was broken down into 2,377,654 counter sales, 143,085 house deliveries, and 48,940 sales in the interior of the State.

Fruits and Nuts

Citrus-Fruit Production, French Morocco

French Morocco produced an excellent crop of citrus fruit in the 1944–45 season. From 55,000 to 60,000 metric tons of citrus fruits were produced, approximately 10,000 tons more than in the preceding season.

Present Position of Watch-Import Trade Discussed by Committee

The necessity of channeling 2,600,000 wrist watches, with movements 8¾ ligne or larger, to Army post exchanges and ships' service stores in 1945 for resale to servicemen, and possible methods of assuring that importers can meet this requirement were discussed at the recent meeting of the American Watch Importers Industry Advisory Committee, the War Production Board reported recently.

This quantity of imported watches—almost double the number required last year and about three times the number needed in 1943—is intended almost exclusively for oversea distribution, for use in connection with combat operations, military representatives said. More watches are needed this year, they explained, not only because more men have been sent overseas, but also because increased distribution of watches results in a correspondingly larger requirement for replacements.

The average life of watches used under battlefront conditions is extremely short, military representatives emphasized. They said that a watch lasts only about 3 months in the Southwest Pacific, and somewhat longer on the European front.

Currently, under Order L–323, WPB assigns for distribution to the Army Exchange Service for Army and Navy resale 50 percent of all imported, men's wrist watches with movements 8¾ ligne or larger and 50 percent of all uncased movements in the same size range.

Committee members estimated that importation of watches and movements in 1945 would total between 5,250,000 and 5,500,000 units. Of these, about half are expected by the committee to be men's watches. Since only 50 percent of those suitable for military purposes, or less than 1,350,000, would be channeled to the Army Exchange Service under present WPB policy, military requirements could not be met, committee members said.

The committee recommended unanimously that WPB assign for military distribution a certain percentage of the total number of imported watches and movements. Under such a policy, committee members said, a greater quantity of desirable types of watches could be made available for military purposes.

The committee also recommended that WPB require importers to file reports of their watches and movements within 15 days after they are released from customs. This would give WPB more up-to-date information on watches available.

The orange is the most important citrus fruit grown in French Morocco, accounting for about 75 percent of the entire output. French Moroccan oranges are said to compare favorably with those grown in the United States.

The number of citrus fruit trees in Morocco is increasing steadily; in 1938 there were around 1,500,000 trees, and by 1944 there were about 2,500,000.

Although there has been an increase in citrus-fruit output, especially of oranges, the amount available for exportation and even for domestic consumption has decreased. This is no doubt due to the shortage of other food products normally available, and to lack of transport facilities.

Before the war French Moroccan citrus fruits were exported principally to France and Algeria. Between 1935 and 1938 yearly shipments to these two countries averaged 16,500 metric tons, and average annual production for the same period was around 35,000 tons.

In 1941 exports totaled 17,428 tons, dropping in 1942 to 7,760 tons and in 1943 to 1,192 tons. In 1944 they increased to 2,658 tons.

Purchases by the American Army for consumption in North Africa have accounted for large quantities of citrus fruits, as is shown by the following: 1942–43, 2,000 tons; 1943–44, 1,720 tons; and 1944–45, 1,700 tons, with an additional 3,000 tons under contract to be delivered. British Army consumption is negligible.

Preliminary reports indicate that the 1945–46 crop may reach 75,000 metric tons.

Indian Cashew-Nut Industry

Although cashew nuts are one of the chief export products of southern India ($9,000,000 worth were sent to the United States alone in 1944) the cashew-nut industry is only about 15 years old. In that comparatively short period there has not been time to develop plantation cultivation of cashew-nut trees and the bulk of the crop comes from roadside trees.

The nuts mature from March to June and are gathered by the villagers, taken to market, and sold to dealers and factory buyers. Most kernel working is done in Quilon, in the State of Travancore, the center of the cashew-nut industry. Raw nuts come to Quilon from as far away as Mangalore in South Kanara. Production of cashew nuts in Travancore is probably equal to that of Cochin and Malabar together. Cochin is the principal port of shipment for the nuts.

As most of the crop comes from wild trees no statistics are available as to the number of bearing trees or the number of acres planted. The size of the coming crop may be estimated on the basis of last year's crop, allowing for a possible increase in output as some of the newly planted estate trees begin to yield. A good year's crop would be about 500,000 bags of raw nuts. One hundred bags is equivalent to about 60 cases of standard-grade nuts.

Prices for the 1943–44 cashew-nut crop rose from 64 to 80 cents per pound of 320 counts (highgrade whole nuts).

Argentina's Sulfur Deposits Are Amazingly Rich

Some of Argentina's richest sulfur deposits are in the Province of Los Andes, 214 miles from the town of San Antonio de los Cobres, says the Buenos Aires periodical El Mundo Argentino. These deposits are located on the Rio Grande properties, at an altitude of 16,700 feet above sea level in the main range of the Andes at a point about 60 miles south of the Socompa Pass. One of the largest and most extensive of these mines, which is really a surface deposit, covers an area of about 11 square miles and, at a distance, looks like a snow field. Exploitation was begun in December 1941, and present plans call for great expansion of the workings.

The sulfur is of volcanic origin and is from 60 to 80 percent pure as it is dug from the deposits; when refined it is nearly 100 percent pure. The sulfur deposits on the mountain slopes are, in some cases, more than 7 feet deep.

Three pressure boilers are used at present to separate the sulfur from the "caliche"—each with a capacity of 20 tons of sulfur a day.

A worker's town is being built at 16,700 feet above sea which, it is claimed, will be the highest community in the world.

That Argentina had rich sulfur deposits has long been a matter of common knowledge, but the great distance of these deposits from the existing railways and from the consuming centers, together with the fact that imported sulfur could be delivered cheaply by ocean freighters to Argentina's seaports, prevented the development of these natural resources.

There are 30 known sulfur deposits in this Republic, of varying degrees of richness, while many possible zones of production have never been explored.

The completion of the new Transandean Railroad between Salta in Argentina and Antofagasta in Chile will greatly aid this industry by simplifying the transportation problem. At the present time a fleet of 90 trucks carry the sulfur to Tolar Grande, near the end of this partly finished railroad.

Indian dealers look forward to a continued strong demand for cashew nuts in the United States and expect a growing demand for them in the United Kingdom and other countries.

Grains and Products

Wheat Crop, France

France's 1944 wheat crop is estimated at 240,000,000 bushels as compared with 315,000,000 bushels in 1943, according to the foreign press.

Prior to the war France was nearly self-sufficient as regards cereals with the exception of corn, of which 60 percent of requirements were imported. France produced 87 percent of its barley consumption, 90 percent wheat, 97 percent rye, and 99 percent oats.

During the 10-year period 1929–38, annual wheat production averaged about 7,800,000 metric tons, or approximately 290,000,000 bushels. Production covers about 12,000,000 acres, and 1,600,000 farmers in the country grow wheat.

Forecasts of the 1945 wheat crop in France are not optimistic. The land has been neglected, as regards both tilling and use of fertilizer. Fuel for mechanical cultivation is scarce, and German requisitioning of horses has delayed work in the fields.

Rice Production in Panama

Rice is the basic food of Panama, and per capita consumption is estimated by the Ministry of Agriculture to be about 1½ quintals (1 Spanish quintal=101.43 pounds) per year. This would mean a total of 947,000 quintals per year of hulled rice.

As a general rule, the Republic of Panama consumes considerably more than it produces in basic products. The annual production from year to year is not uniform, principally because of variable climatic conditions and the occurrence of plant diseases and pests. Consequently, a great amount of food products must be imported. This also applies to rice, for which imports amount to about 7 percent of domestic production. In 1931, for example, there was a record importation of 10,200,398 kilograms (1 kilogram=2,2046 pounds) which decreased to 2,882,160 gross kilograms in 1943.

In 1944 rice production was estimated at 1,016,680 quintals, somewhat under 1942 production of 1,356,892 quintals. Statistics on 1943 production are not available.

The Government has installed 78 rice-hulling mills in the Republic, one each located in Bocas del Toro, Cocle, Colon, 21 in Chiriqui, 23 in Los Santos, 8 in Panama City, and 23 in Veraguas.

The Ministry of Agriculture and Commerce maintains a Department of Agricultural Development with field offices in principal agricultural centers. These offices supply technical information, distribute seeds, fertilizers, and agricultural implements, either loaned or sold at cost price. They work in close conjunction with the farmers' Sociedades Agricolas, of which there are an increasing number.

Agricultural authorities have expressed the belief that, through the Government's help to agriculture in the Republic, the annual production of rice will continue to increase, and that reasonably soon the national production should be sufficient to meet national demand and perhaps allow a surplus for exportation to neighboring republics.

Spanish Grain Yields

Grain yields in Spain in 1944 were equal to or slightly above those of 1943, the latter being estimated at about 70 percent of pre-civil war production.

Britain and U. S. Move to Unify Technical Drafting Practice

Production in the United States and Great Britain of aircraft engines and other equipment designed on either side of the Atlantic will be speeded up as the result of discussions now progressing in American factories and drafting rooms between a British mission of experts and American designers under the auspices of the Combined Production and Resources Board.

These experts are taking this action so that shop machinists in both countries will be able to understand each other's drawings and conventional designs. Although the common language of the engineer in all countries is the drawing, there are marked differences in design and drafting practice, CRPB says.

Such differences were among factors that caused a gap of 10 months between the arrival in the United States of technical drawings for the vital Rolls-Royce Merlin engine and the actual beginning of production.

At a recent meeting in Washington of engineers and officials of the two governments, William L. Batt, American deputy member of CPRB, said, in relating incidents connected with the production of the English-designed engine in this country: "American engineers found that considerable information usually shown on American drawings was not shown on the British drawings. Thus, complete shop notes had to be placed on each drawing and not until the final approved American drawing of the part was completed was it possible to design the parts, dies, jigs, or fixtures required for manufacturing."

Mr. Batt said that the problem was not so much one of redrawing the English blueprints as one of translating the radically different method of depicting what the designer wanted into American terms. Without this the American shop machinists would have found it virtually impossible to fabricate the parts as intended by the British designer.

It has been found that in many British drafting prints, of which perhaps the Rolls-Royce design is a typical illustration, many details that American engineers expected to find were omitted from the drawing because in England great reliance is placed on the craftsmanship of old employees. Moreover, a great deal of hand fitting is done. For United States mass production, however, it is required that every dimension and tolerance be clearly stated on the drawing for the benefit of all who work on the project.

"The United States, Britain, and Canada are still beset by many production problems which we can trace directly to differences in design and drafting practice," Mr. Batt continued. "We are all now aware that these differences must be solved."

Following the exchange of missions of experts between the United States and Great Britain on various standardizations, the CPRB is now sponsoring technical discussions on unifying design and drafting practice.

Prior to the civil war, wheat production equaled and in some years exceeded consumption. The 1944 wheat harvest was estimated at about 3,000,000 metric tons, an increase of about 20 percent over that of 1943, but about 15 percent below annual consumption.

While barley yields were expected to rise from about 1,400,000 tons in 1943, to slightly more than 1,500,000 tons in 1944, the latter amount would be about 200,000 tons under annual consumption, and almost 25 percent below pre-civil war harvests.

A relatively good crop of oats was harvested, about 560,000 tons, or almost equal to consumption and to pre-1936 yields.

The rye harvest, which had been declining gradually for about 15 years, has increased since 1940 and reached an estimated 490,000 tons in 1944, a 20 percent increase over the preceding year.

The corn crop was expected nearly to equal the 600,000 tons harvested in 1943, or about 10 percent below the pre-civil war yields. Annual consumption of both corn and rye is estimated in each case at 80,000 tons greater than the production figures.

Rice production is estimated at 200,000 tons, as compared with consumption of some 225,000 tons annually. While this is a decided improvement over 1943, Spain's rice requirements were amply supplied by domestic production before the civil war, and there was a normal surplus of about 75,000 tons.

In order to make up the deficit in cereal crops, it was necessary to import large quantities of grains, and in June 1944, the Spanish-Argentine trade agreement was renewed providing for the sale by Argentina to Spain of up to 1,000,000 metric tons of wheat during 1945.

Meats and Products

Market for Lard in Switzerland

Prior to the war it was estimated that the Swiss market could consume from 1,200 to 1,300 metric tons of United States lard annually.

The Swiss farmer is largely dependent on imported feeds for the raising and fattening of hogs, and very little has been imported during the war years. Furthermore, Switzerland has been forced to increase its acreage under cultivation to the detriment of milk production and hog raising.

There were 922,807 hogs in Switzerland in 1938, 629,322 in 1943, and aproximately 600,000 in 1944, according to official statistics. Not only has the number of hogs decreased but their average daily increase in weight has fallen, and therefore less lard is being produced than ever before.

The number of hogs slaughtered and lard produced in the years 1941 to 1943, inclusive, are shown in the following table:

Year	Hogs slaughtered	Lard produced
	Number	*Kilograms*
1941	434,892	4,438,322
1942	299,761	3,562,664
1943	[1] 210,360	3,117,940

[1] Estimated.

As there is a great shortage of animal feedstuffs in Switzerland, dairy herds have been cut down, and the output of milk and butter has decreased. Even if feedstuffs can be imported within the near future, it will be some time before Switzerland has as many cows and hogs as before the war. Therefore, it is estimated that as soon as Allied blockade measures are lifted and transit facilities through France are reestablished, the demand for United States lard might be as high as 10,000 metric tons annually, and may well remain at this high peak until the domestic production of butter improves.

Present monthly butter and fat rations in Switzerland consist of 400 grams of butter, 150 grams of fat or oil, and 100 grams of bacon or lard.

Sugars and Products

Sugar Situation, Martinique, F. W. I.

Production of sugar in Martinique, French West Indies, fell to an all-time low in 1944.

Under the quota system whereby France divided its sugar imports among the producing colonies, Martinique's share was 45,000 metric tons. Exports increased gradually, however, and reached an all-time high of 65,000 tons in 1939. Production decreased during the war years to 55,000 tons in 1942, 23,000 tons in 1943, and 3,000 tons in 1944. During these years local consumption increased from 3,500 to 5,500 tons per annum.

On the severance of communications with France, Martinique was unable to develop any alternative markets. Lack of ocean transportation made shipments impossible; storage facilities were inadequate for a perishable product; and the high cost of production prevented Martinique from competing economically on world markets.

The exportable surplus of the 1941 and 1942 sugar crops (the crop season is January to June) was sold to the French Government and paid for at the time of sale. Practically all of the exportable surplus of the 1943 crop (13,000 metric tons) was sold to the Provisional French Government on December 27, 1944.

All sugar produced in 1941 and prior years has been shipped; of the 1942 production sold to the French State, 21,000 tons are still on hand, plus the 13,000 tons of the 1943 crop recently sold to the Provisional French Government. Stocks on hand in sugar mills and in wholesalers' warehouses are estimated at less than 10,000 tons.

The entire 1944 production will be consumed locally, as will also the small unsold balance of the 1943 crop.

Prospects for the 1945 crop are somewhat better; 12 mills will operate as compared with seven in 1944. The total cane available for grinding is expected to be about 50 percent of normal, but the sugar produced will be only about 15,000 tons, or 33⅓ percent of normal. This is due to the condition of the mills and to the lower yield of the cane due to lack of fertilizer and less cultivation.

Swiss Sugar Situation

Prior to World War II, Switzerland produced only approximately 6 or 7 percent of its domestic sugar requirements, but since 1939 the area planted to sugar beets has been increased. This, coupled with the fact that consumption of sugar has been drastically reduced by rationing, resulted in the national sugar industry's supplying 23 percent of the sugar consumed in the country in 1944.

In 1944, the area devoted to sugar beets totaled 15,200 acres, from which 187,500 metric tons of sugar beets were harvested, as compared with 12,600 acres and 154,200 tons of beets in 1943. Sugar production in 1944 is estimated at 20,900 metric tons, as against 18,400 tons in the preceding year.

Whereas the sugar content of the beets was estimated in September 1944, at from 15 to 18 percent, the actual average content in 1944 was only 14.1 percent, the lowest in 30 years. Reasons given for the deterioration were heavy rainfall late in the year, plant disease, and lack of adequate fertilizers, especially phosphates.

Sugar and all products containing sugar, such as jams, canned fruits, and candies, cooking chocolate, and chocolate bars, are rationed. During 1944 the monthly sugar ration remained unaltered at 500 grams per capita, plus 4.5 kilograms for jam making once during the summer and 250 grams of jam monthly in winter. In addition, cooking chocolate, chocolate bars, and candy were rationed at an average of approximately 200 to 250 grams monthly. Housewives were given the choice of buying sugar, jam, or canned fruits, at the ratio of 1 kilogram of sugar for 2 kilograms of jam or 8 kilograms of canned fruit.

Furs

Canadian Fur Farming

An unusually large number of high-quality fur skins were offered at a recent auction in Montreal, Canada, according to a Dominion publication. Included were some 60,000 muskrat, 38,000 squirrel, 35,000 mink, 23,000 ermine; 6,500 skunk, 3,200 beaver, and 2,900 raccoon, as well as smaller quantities of badger, fisher, marten, otter, rabbit, and wolf. Sales at the end of the auction were reported at well over $2,000,000. It is estimated that by early summer when trans-Canadian sales will have been concluded in Toronto, Winnipeg, Edmonton, and Vancouver, the total value of furs marketed will reach approximately $28,000,000.

The 1944–45 season is proving very successful for fur farmers and several comments have been made on the superior quality of ranch-raised furs, particularly the silver, platinum, platinum silver, pearl platinum, and white-marked silver foxes.

From Edmonton it is reported that during the 1943–44 season the Province of Alberta had 1,094 licensed fur farms (almost twice the number in existence there in 1937) which recorded a total output of 61,704 pelts having a value of $476,706. Fox and mink farms predominate in that area, accounting for 963, or almost 90 percent of the total; 33 farms were devoted to raising beaver, 8 to nutria, and 2 each to raccoon and fitch.

Iron and Steel

Foreign Trade, Dominican Republic

Scrap iron and other metals exported from the Dominican Republic in 1944 totaled 158,887 kilograms, valued at $5,576.

Imports in the period January-August 1944 included 492,960 kilograms of nails and tacks, valued at $69,852; 534,935 kilograms of pipes and fittings ($75,378); 31,793 kilograms of rails and track material ($4,423); 354,881 kilograms of galvanized sheets ($33,726); 142,682 kilograms of large construction pieces ($14,507); in addition to 3,350,221 kilograms ($232,705) under the classification "all other."

Haitian Imports Increase

Imports of iron and steel products into Haiti in the fiscal year 1943–44 had a value of 3.512,000 gourdes, compared with 1,755,000 gourdes in the preceding year and 1,134,000 gourdes in 1941–42

Output of Mysore Iron-and-Steel Works, India

The government-operated Mysore Iron-and-Steel Works at Bhadravati, Mysore State, India, have grown considerably since their founding in 1923 when they comprised a modern charcoal blast furnace with wood distillation and by-products recovery plant, foundries and machine shop, and auxiliary steam and power plants.

The works now have a modern charcoal blast furnace, with a capacity of 80 tons of pig iron a day, a wood distillation plant with 16 oven retorts for carbonizing about 250 tons of wood a day together with a by-product recovery plant and a tar distillation plant, a pipe foundry with a capacity of about 40 tons of cast-iron pipes a day, a general foundry for making pipe specials and miscellaneous iron castings, two basic open-hearth furnaces, each with a capacity of from 25 to 30 tons a day, a rolling mill for the conversion of the steel ingots to mild steel sections, with a capacity of between 80 and 100 tons a day, a plant for manufacturing portland cement with a capacity of 60 tons a day, electric furnaces and a steel foundry for manufacturing manganese-, carbon-, and alloy-steel castings, a ferro-alloy plant consisting of two furnaces, each with a capacity of from 900 to 1,000 tons of ferrosilicon a year, a structural shop for the fabrication of steel structural units for buildings and electrical-transmission towers, and a brick plant for the manufacture of bricks and refactories.

Some of the pig-iron production is used in the foundry for cast-iron pipes and other castings, but the major portion is converted into steel ingots and fed to the rolling mills. Installation of an additional open-hearth furnace for the production of ingots and billets has been approved by the government, and orders have been placed for another rod mill as an extension to the rolling mills, to increase the output of three-sixteenth-inch rods and baling hoops measuring three-quarters of an inch by 20 inches.

The ferro-alloy plant, the first of its kind in India, produces 75-percent-grade ferrosilicon and is equipped to make the country self-sufficient in this raw material which formerly was imported for the manufacture of steel. For the casting of special steel articles, such as axle boxes and anvils, a foundry was installed recently on an experimental basis.

Ores, limestone, and wood found within a radius of 25 miles are transported by a network of tramways, and the works are served by a gravitational ropeway. About 8,000 persons are employed at the plant, which occupies an area of some 100 acres.

Bar-Steel Imports Into Venezuela

Imports of bar steel into the port of La Guaira, Venezuela, increased to 27,431 metric tons in 1944 from the 7,349 metric tons reported for the preceding year.

Leather and Related Products

Argentine Hide-and-Skin Market

During 1944 Argentina exported 141,861 metric tons of hides and skins of all types, including tanned hides, the total constituting a decrease of 4.6 percent from shipments during the preceding year. Exports were distributed as follows: Cattle hides, 101,626 metric tons; sheepskins and lambskins, 17,407 metric tons; horsehides, 6,127 metric tons; goatskins and kidskins, 1,848 metric tons; pigskins, 25 metric tons; and tanned hides 14,828 metric tons.

Production of hides and skins during 1944 included 6,807,554 cattle hides, 14,270,488 sheepskins, and 4,841,505 hogskins, according to unofficial slaughter figures furnished by the Camara de Subproductos Ganaderos.

Production of Hides and Skins, Mexico

Cattle-hide production in Mexico was estimated at 154,200 pieces during December 1944, and stocks on hand at the end of the month numbered 60,000 hides. Calfskin take-off was estimated at 3,000 skins, whereas stocks on hand were negligible.

Goatskin and kidskin production during the month totaled 188,620 skins; stocks on hand approximated 120,000 skins. Production of sheepskins and

lambskins was estimated at 74,502 skins, and there was no backlog at the end of the month.

Port Elizabeth Hide-and-Skin Situation, Union of South Africa

An abundance of sheepskins was reported in storage in Port Elizabeth, Union of South Africa, at the end of 1944. Exporters, however, were looking for France to enter the market in 1945, despite the shipping shortage.

The supply situation of heavy hides was regarded as almost precarious, with no improvement promised in 1945.

Hide-and-Skin Situation, Uruguay

Production of hides and skins in Uruguay during January 1945 totaled 83,377 cattle hides, 2,163 calfskins, and 125,196 sheepskins and lambskins.

Exports during the month amounted to 872,234 kilograms of cattle hides, 12,744 kilograms of skunk skins, and 819,846 kilograms of sheepskins and lambskins.

Lumber and Products

Increased Activity in Nelson Forest District, Canada

Value of production of lumber in the Nelson Forest district, Canada, increased approximately $1,300,000 in 1944 over the preceding year, according to a Canadian lumber magazine. Comparable totals are given as $6,587,000 and $5,186,000, respectively.

The number of sawmills increased from 121 in 1943 to 167 in 1944, and the output of sawlogs from 128,164,799 board feet to 171,960,802.

Machinery, Other Than Electrical

Market for Veneer and Plywood Machinery, Brazil

The current and future markets for veneer and plywood machinery are reported to be promising in the State of Rio Grande do Sul, Brazil. Plywood has been used in Brazil principally in the manufacture of furniture, but there is a relatively large field for the industrial application of plywood. The basic raw materials for the industry are available.

Decrease in Imports of Sugar and Alcohol Machinery, Brazil

Sugar and alcohol machinery having a total value of 1,609,500 cruizeiros was imported into Brazil in 1943. The three sources of the machinery were the United States (995,579 cruzeiros), Switzerland (332,191 cruzeiros), and the United Kingdom (281,730 cruzeiros).

There was a considerable reduction in the quantities of imports and the number of sources, compared with those in 1939, when imports valued at 16,907,629 cruzeiros were distributed as follows: United States, 5,705,087 cruzeiros; France, 4,401,364 cruzeiros; Germany, 3,321,779; Czechoslovakia, 1,790,575; United Kingdom, 1,100,325; Belgium, 235,799; Netherlands, 222,865; Switzerland, 103,428; Cuba, 24,691; and Sweden, 1,716 cruzeiros.

Agricultural-Tool Imports, Haiti

Imports of agricultural tools and similar articles into Haiti in the fiscal year 1943–44 had a value of 1,708,000 gourdes, compared with 1,075,000 gourdes in 1942–43 and 560,000 gourdes in 1941–42.

Medicinals and Crude Drugs

Cod-Liver-Oil Industry, Iceland

Production of cod-liver oils, one of Iceland's oldest industries, has reached an annual value of $3,250,000. The following table shows the growth of production from 1939 to 1944:

	Metric tons
1939	4,500
1940	5,400
1941	5,080
1942	4,750
1943	6,800
1944	8,800

The vitamin potency of Icelandic cod-liver oils differs from season to season and in the various fishing districts. Livers of the cod average 1500 to 1800 International units of vitamin A per gram and 200 to 230 International units of vitamin D.

In Iceland, cod-liver oil is derived from livers of the cod, haddock, and the coalfish, all belonging to the Gadidae family, and caught in coastal waters throughout the year. About half the production of cod-liver oil is conducted on board trawlers, and the remainder, in small independent stations near the coast.

The method used for processing the livers involves principally steam cooking under pressure, whereby the livers are disintegrated. The liquid is allowed to settle in a vat; when the oil rises to the top, it is skimmed off and poured into a refrigerating tub where it stands for at least 36 hours. The liver residue is placed in a kettle for reboiling; caustic soda in dry flakes is added to dissolve the protein matter. The oil is drawn off in a thick liquid, which is treated in a centrifuge to obtain a high-grade poultry oil.

Most of Iceland's production is exported, since domestic consumption is of little importance. In 1939 and 1940 the United States was the principal buyer of cod-liver oils, but in 1941 and 1942 Great Britain purchased large amounts. However, in 1943 and 1944 the bulk of the shipments went again to the United States. Total exports of cod-liver oils (including a small percentage of industrial oils) in 1943 amounted to 5,550,140 kilograms, compared with 5,335,670 kilograms in 1942.

Nux Vomica Crop and Trade, India

The 1944–45 South Indian crop of nux vomica is estimated at 300 long tons, compared with the average normal crop of 1,500 long tons, according to a preliminary forecast. In the Calcutta area, the new crop is estimated at 300 long tons, compared with 700 long tons in 1943–44.

In the Madras area the total stock of nux vomica at the end of December 1944 was estimated at 400 long tons, inclusive of the last season's carry-over. Calcutta port stocks at the end of December 1944 were estimated at 100 long tons and 300 long tons at the supply centers in Orissa.

Exports from South India from July 1 to December 31, 1944, amounted to 300 long tons, and total exports from Calcutta during this same period were 295 long tons.

Fish-Liver Oil Production, New Zealand

A factory in Wellington, New Zealand, produced 6,000 imperial gallons of fish-liver oil from shark, groper, and ling during the year ended March 31, 1944.

Source of Agar-Agar, New Zealand

About 2 years ago sources of agar-agar were discovered off the coast of New Zealand, reports the British press, and since that time 150 tons of seaweed (equivalent to 50 tons of granular agar-agar) have been received by the marketing division in Auckland.

Motion Pictures and Equipment

Cuban Market for Motion Pictures

Although the number of motion pictures shown in Cuba's three leading motion-picture theaters remained practically the same during 1943 and 1944, gross box-office receipts were approximately 21 percent greater in 1944 than during the preceding year, totaling $587,739 as compared with $486,028.

More than three times as many Spanish-language films were shown in the island's first-run theaters in 1944 than in 1943 and gross receipts for those pictures were almost seven times greater than in the preceding year. English-language films dropped approximately 12 percent in number, but less than 1 percent in receipts, and they still form by far the greater part of the films shown in the leading theaters. Receipts for the 129 English-language films in 1944 totaled $464,506 as compared with $123,234 taken in for the 26 Spanish-language film showings.

It is believed that much of the current popularity of the Spanish-language films can be attributed to the wide publicity given certain stars and their frequent public appearance in Cuba either as visitors or in stage and radio performance. There seems no doubt, however, that if United States made films were dubbed in Spanish they would have no difficulty in upholding their popularity. The Spanish-language pictures being shown at present are produced in Spain, Mexico, and Argentina.

Pictures stressing sentimental values with a touch of drama generally find favor with Cuban theatergoers. The average audience also likes comedies which depict the under dog beset by con-

stant misfortune, which places him in humorous positions but from which he finally emerges as a result of some benevolent person's aid.

Types of Pictures Popular in French Morocco

All United States films now reaching French Morocco are handled through the U. S. Office of War Information which arranges for their showing through local representatives of the producers. They are exhibited as received with English titles. Before the war United States films were always routed through France where they were given French titles.

French Morocco had a total of 82 motion-picture houses in 1942. Information on receipts for the year is not available, but during the preceding year, when 77 theaters were in operation, the gross receipts from film showings were approximately 60,000,000 francs. The use of United States films is increasing, if the choice of the leading motion-picture house in Rabat may be taken as typical. United States films shown in this theater increased from 62 in 1941 and 1942 to 87 in the 2 following years.

Preference for pictures with considerable action and simple, easily understood plots has been shown by the native population which makes up the predominate part of the theater audiences. Cowboy films, animated cartoons, and pictures of an educational nature showing progress in science and industry have proved the most popular.

Naval Stores, Gums, and Resins

Canadian Imports Decline

Canada's imports of gums and resins declined slightly in January from the preceding month, according to the Dominion Bureau of Statistics. Values are shown as $453,000 and $465,000, respectively.

Demand for Naval Stores, U. K.

The bulk of naval stores available for distribution in the United Kingdom continues to be absorbed by priority users, the British press states. Demands from the paint industry are still principally for war production. Some improvement has been noted recently in relation to civilian requirements, but the steadily growing demand for paint materials remains largely unsatisfied.

Although the naval-stores situation is expected to show improvement after the cessation of the war in Europe, the outlook is somewhat uncertain because of the growing stringency of the supply position in the United States, particularly in relation to rosin, and the expected competition for supplies from other sources, such as Portugal, immediately after the war. France, Poland, and Greece probably will not be able to resume production for some time, although in the case of France the delay may not be as great as anticipated.

Nonferrous Metals

Bolivian Exports

Exports from Bolivia to Argentina in January 1945 included 531,932 kilograms of lead, 78,638 kilograms of antimony, 385 of silver, and 200 of copper.

The exportation of fine gold from Bolivia is illegal at present, but 31 grams of gold recovered from mineral concentrates were exported to Argentina in January.

Foreign Trade, Dominican Republic

Exports of gold from the Dominican Republic in 1944 included 28 kilograms of mine gold ($23,902) and 2 kilograms of scrap gold ($1,064).

Under the classification "gold, plate, platinum and manufactures," imports in the first 8 months of 1944 totaled 327 kilograms, valued at $33,605.

Imports of copper and manufactures in the January–August 1944 period amounted to 79,156 kilograms, valued at $54,952.

Nonmetallic Minerals

Resumption of Activity in Diamond Industry, Antwerp, Belgium

Plans for the reestablishment of the Antwerp diamond industry are reported to have the active support of the Belgium Government.

Arrangements have been made for the purchase of uncut diamonds in London, for their shipment to Antwerp for cutting and polishing, and for their return to London where they are to be sold. A semiofficial agency established in London in 1941 and known as COFDI (Correspondence Office for Diamond Industry) will purchase the uncut diamonds in London and an agency under the tentative name "Diamond Office" will sell to Antwerp cutting establishments. The cut and polished diamonds will be sold in London by auction on tender. A credit plan has been established.

Designed mainly for the benefit of highly trained and technically skilled workmen, the plan will be strictly controlled, and operations of the middleman will be eliminated. The 15,000 to 20,000 workmen who were employed before the war have scattered, and it is expected that not more than 1,200 are to be found now in Antwerp and vicinity. Only 300 lapidaries were permitted by the Germans to continue operations as such in 1944, but many are expected to return to the trade, and reasonably high wages are anticipated.

In addition to the shortage of skilled technicians, difficulties are caused by the limited supply of electric current.

Production of Lithium Minerals in Brazil

Small quantities of amblygonite and spodumene are produced on a number of pegmatite dikes in Brazil by diggings for tantalite and beryl. In northeastern Brazil small stocks have been accumulated.

It should not be difficult, with adequate equipment, to produce on a large scale more cheaply from established mines than is possible with the crude hand methods now used.

Swedish Salt Situation

The rationing of salt in Sweden has stimulated interest in prospects of obtaining salt from the wells at Hollviken. The 8 percent brine solution that has been obtained at the 1,200-meter level requires large quantities of fuel for the evaporation process. In the hope of finding a stronger solution at a greater depth, application has been made for an appropriation to drill to a depth of 2,000 meters, an operation that would require from 6 to 8 months.

If the stronger brine concentrations are found, annual production of 10,000 metric tons would be possible, in addition to such byproducts as magnesium chloride.

The increase in consumption of salt from about 170,000 metric tons before the war to more than 200,000 metric tons during the war is attributed to expansion in the domestic chemical industry which consumes approximately 50 percent of the total annual salt requirements. At the current rate of consumption, salt stocks are reported to be sufficient to meet national requirements for a year.

Paints and Pigments

Imports Into Canada Increase

Canadian imports of paints and varnishes increased more than 15 percent in January over the preceding month, according to the Dominion Bureau of Statistics. Values are shown as $651,000 and $557,000, respectively.

Imports, Dominican Republic

The Dominican Republic's imports of paints and pigments amounted to 611,730 kilograms, valued at $121,951, during the period January–August 1944, according to the Bureau of Statistics.

Imports of varnishes and shellac totaled 61,804 kilograms, valued at $29,576, during the same period.

Petroleum and Products

Production Increased, Trinidad, British West Indies

From September 1939 to September 1944 approximately 521,000 feet were drilled by one of the large petroleum companies operating in Trinidad, British West Indies, according to the foreign press. Production reached over 20,000,000 barrels of crude oil and 17,000,000 gallons of casing head gasoline, bringing the average annual production higher than for any year prior to the war. During the year 1943–44, production of the

267 wells operated by the company amounted to approximately 3,760,000 barrels of crude oil and 3,127,000 gallons of casing head gasoline. Estimates set the crude-oil production during the current year at 3,380,000 barrels.

Production by Canadian Wells

The value of oil produced by Canadian wells during the year 1944 was $16,250,000, according to the annual report of the Secretary of the Alberta Chamber of Mines. Of this sum, $14,592,000 represents the value of Alberta's oil production of 8,952,000 barrels and $1,311,500 that of the 964,500 barrels produced in North-west Territories. Drillings at Norman Wells aggregate an average monthly production of 125,000 barrels.

A number of new wells are being drilled in the Brazeau and Vermilion-Wainwright Lloydminster districts, and exploration is progressing near Fort Nelson, as well as in the Pouce Coupe River area and Alberta Coal Branch.

Output of Petroleum and Products Advances, Ecuador

Ecuador registered sharp gains in the production of crude petroleum during 1944 and stepped up the amount of products refined and crude-petroleum exports to an almost equal degree. The 1944 production of crude petroleum, 25 percent above the 1943 figure, was 121,471,896 gallons; refined products, 17 percent above the preceding year, totaled 40,371,029 gallons; and exports, 22 percent greater than in 1943, amounted to 251,275 metric tons.

The 1944 production of the various petroleum products, compared with the preceding year, was as follows:

Product	1943	1944
	Gallons	*Gallons*
Gasoline	7,714,207	8,934,720
Slops	126,840	161,378
Benzine	235,005	189,980
Kerosene	2,480,232	2,467,734
Diesel oil	3,877,477	4,500,774
Lubricating oil	132,345	161,433
Gas oil	57,015	51,517
Residue	19,787,075	23,903,493
Loss	144,760	
Total	34,554,956	40,371,029

During 1944 a total of 2,273,519,000 cubic feet of natural gas was treated, giving a net production of 1,613,140 gallons of gasoline as compared with the 1,431,034 gallons of gasoline produced from the treatment of 1,730,599,000 cubic feet of natural gas in 1943.

Adequate Petroleum Products, Guadeloupe, F. W. I.

Receipt of adequate supplies of petroleum products in Guadeloupe, French West Indies, during 1944 made gasoline rationing unnecessary on the island. The government, however, has maintained a certain amount of control over the distribution of tires and tubes to prevent wastage.

Prospects for Discovering Oil, Haiti

Efforts of a United States refining company to discover oil in Haiti were continued during 1944. At Jurinet, in the central part of the Republic, a deep test-drilling operation was conducted to a depth of 7,000 feet before being abandoned. Drilling operations were moved to Maissade in the same region, and by the end of December they had reached 5,200 feet. Prospects of striking oil appear favorable, and company officials state that drilling will be continued until oil is found or the test well is proved dry. The company also has taken core samples from depths up to 500 feet near St. Marc and Cul de Sac where drilling will be begun if the operations at Maissade are abandoned.

Shipbuilding

Slipway Construction, South Africa

Work is continuing on the East London, Union of South Africa, slipway as rapidly as shortages in materials and labor will permit, and it is hoped that this project will be finished by the end of 1945 or the beginning of 1946. The total cost is estimated at approximately $4,100,000.

A slipway has been completed at Port Elizabeth capable of handling vessels of a maximum displacement of 1,200 tons and a length of 280 feet. The slipway is to be enlarged at a later date so that it will have additional capacity for side-slipping two vessels of 800 tons each.

Special Products

Products Imported, Dominican Republic

Gold and gold-plated jewelry amounting to 1,790 kilograms, valued at $11,716, was imported into the Dominican Republic during the first 8 months of 1944. Watches totaling 1,125 kilograms, with a value of $24,871, and playing cards amounting to 1,465 kilograms also were imported during the same period.

Peruvian Import Trade

Imports into Peru of toys of all kinds and children's wheeled goods (such as tricycles, velocipedes, and kiddy cars) during 1943 totaled 27,655 kilograms, valued at 168,875 soles, compared with 39,477 kilograms, valued at 194,524 soles, in 1942, and 285,969 kilograms, valued at 683,383 soles, in 1938.

In 1943 Peru's imports of brushes of fiber, hair, and bristle amounted to 16,786 kilograms, valued at 744,654 soles, compared with 5,910 kilograms, valued at 148,588 soles, in 1942 and 26,206 kilograms, valued at 138,284 soles, in 1938. The amount of brushes furnished Peru by the United States increased from 3,202 kilograms in 1939 to 4,239 kilograms in 1942 and 9,773 kilograms in 1943. Peru did not receive any brushes from Argentina in 1938 but imported 526 kilograms from that country in 1942 and 5,837 kilograms in 1943.

Market for Matches in Tanganyika

Since the elimination of European sources of supply, substantial quantities of matches have been imported into Tanganyika from India during the war years, according to the foreign press. South Africa also has been an important supplier in the past.

As Indian matches are reported to be lower in quality than the South African product, match manufacturers in India face competition in retaining their present share of the Tanganyikan market in the post-war period.

Textiles and Related Products

Reduction in Imports of Piece Goods, British Guiana

British Guiana has no textile mills and must depend upon foreign sources for all its supplies. During 1943 imports of cotton piece goods amounted to 11,025,891 linear yards, valued at approximately $2,700,000 (British Guiana currency). This represented about 10 percent of the total dollar value of all imports. Imports of rayon piece goods aggregated 1,478,297 linear yards. Despite a tariff reduction early in 1944, imports of cotton and rayon piece goods during that year totaled approximately 5,600,000 yards, according to preliminary estimates. War conditions are accountable for the reduction.

Textile Dyeing and Finishing in Canada

The operations of the dyeing and finishing industry of Canada reached an all-time high during 1943, when work performed had a gross value of $9,008,917, as compared with $8,096,566 in the preceding year, according to a Canadian publication. The greatest increase occurred in the rubberizing, mercerizing, and waterproofing of fabrics, which advanced from $86,611 in 1942 to $419,098 the following year.

Exclusive of the many textile plants which have their own dyeing and finishing departments, Canada had 40 establishments, with 1,656 workers engaged in that type of work. Of these plants, 16 were located in the Province of Ontario, 23 in Quebec, and 1 in Nova Scotia.

Cotton and Products

Argentine Cotton Statistics

During January 1945 Argentina exported 725 metric tons of cotton, of which 512 tons went to Chile, 111 to Uruguay, and 102 to Bolivia. In the preceding January 415 metric tons were exported, all to Chile.

Estimates on the area of the current cotton crop have been revised downward to 381,976 hectares (about 943,863 acres), or 20,854 hectares (51,530 acres below the area planted last season. The severe drought hindered planting in some regions, and, together with persistent high temperatures, also adversely affected the growing plants.

Developments in Brazilian Industry

Brazil exported 13,884 metric tons of cotton and 5,490 tons of linters during November. This makes a total of 100,865 tons of cotton and 15,425 tons of linters shipped abroad during the first 11 months of 1944.

Plans for the grafting of moco cotton had progressed to the point that actual operations were scheduled to begin in February. Approximately 2,000 plants at one experimental station and 1,000 at another were to be grafted. Buds were to be taken from plants with fibers from 38 to 40 millimeters in length. The type of cotton to be produced was expected to be suitable for the manufacture of fine textiles and threads.

Canadian Imports and Consumption

Canadian cotton imports amounted to 171,600,000 pounds during 1944, as compared with only 143,100,000 pounds during the preceding year. Imports were particularly heavy during the latter part of the year.

Canadian mills consumed 31,983 bales of cotton during January 1945, according to a Canadian publication. This is somewhat higher than the 30,848 bales consumed in December 1944, but below the 32,730 bales opened in January 1944.

Situation in Industry, U. S. S. R.

The Stalin textile combine at Tashkent, Uzbek Republic, Soviet Russia, celebrated its tenth anniversary in 1944. This combine, one of the largest in Russia, comprises two spinning mills, two weaving mills, a thread plant, and a cotton printing plant, equipped with modern machinery. It is reported that since the beginning of the war, the Tashkent combine has produced 9,500,000 meters of cloth and 1,500 tons of yarn above its quota.

Uzbekistan, the most important cotton-growing region in the Soviet Union, accounting for about 60 percent of the country's total, failed to complete the plan in 1943 and 1944. During those years the yield did not attain the 1941 record of 250 pounds per acre.

Synthetic Fibers and Products

Expansion in Output of Rayon Yarns, Canada

Early in 1941 a plant was established in St. George de Beauce, Quebec, Canada, for the spinning of rayon staple fiber yarns. Operations progressed so satisfactorily that in 1943 the facilities were enlarged. A further expansion program is now under way, according to a Canadian trade publication. When completed, the total equipment will include 28,136 spindles and preliminary machinery for spinning rayon staple fiber yarns on the cotton system, and 8,500 twister spindles for producing two- and three-ply yarns.

Wool and Products

Canadian Imports of British Wool Goods Decline

Imports of wool fabrics for civilians into Canada from Great Britain registered a sharp decline in 1944, amounting to only 6,565,195 pounds, as compared with 9,216,753 pounds in 1943, 9,702,147 pounds in 1942, and a pre-war average of approximately 10,000,000 pounds, states a Dominion publication. Overcoatings showed the largest decrease, imports in 1944 being about 47 percent less than similar imports in 1943. Distributive figures covering imports of wool goods from Great Britain for the years 1942–44 are as follows:

[In pounds]

Classification	1942	1943	9144
Dress goods to be dyed	1, 505, 743	1, 301, 006	1, 063, 043
Lusters or Italian linings	22, 246	18, 793	11, 373
Overcoatings	672, 557	937, 470	499, 055
Tweeds	2, 232, 939	1, 661, 578	1, 173, 225
Worsteds and serges	5, 101, 266	5, 183, 247	3, 721, 888
Wool plushes	167, 396	114, 659	96, 611
Total	9, 702, 147	9, 216, 753	6, 565, 195

Activity of Felt and Carpet Industries, New Zealand

Plans are under way in New Zealand to increase the domestic output of floor coverings which are now in critically short supply because of the rapid expansion of Government housing-rehabilitation schemes. The industry has expressed its conviction that, if labor requirements can be met, production can be stepped up enough to compensate for much of the present shortage.

The woolen felt and carpet industries are new but thriving enterprises in New Zealand and have increased their consumption of raw material almost threefold in the few years since their inception. Their purchases of greasy wool for the years 1940–44 were as follows: 1940–41, 2,205 bales; 1941–42, 4,348 bales; 1942–43, 5,056 bales; 1943–44, 5,893 bales. If present plans materialize, 1945 requirements will be approximately 7,000 bales.

Post-War Plans, U. K.

One of many phases of post-war planning in the United Kingdom is revealed in an announcement by the Government that it plans to extend the limitation of its export guaranties from £75,000,000 to £200,000,000, states a British publication. The new scheme would also empower the Board of Trade to give guaranties in connection with sales of goods by United Kingdom merchants for direct shipment between oversea sources of supply and foreign markets.

Trade Lists

The Commercial Intelligence Unit has recently compiled the following trade lists of which mimeographed copies may be obtained by American firms from the Bureau of Foreign and Domestic Commerce. The price is $1 a list for each country.

Business Firms—French West Africa.
Hardware, Importers and Dealers—Bahamas.
Lumber, Importers, Agents, and Exporters—Honduras.
Paints and Varnishes, Manufacturers—Brazil.
Paper and Stationery, Importers and Dealers—Ecuador.

Miscellaneous Fibers

Developments in Ramie Industry, Brazil

During 1944 approximately 9,000 acres of ramie were under cultivation in the State of Sao Paulo, Brazil, as compared with 12,000 acres in the preceding season. Low prices and difficulty in obtaining workers caused many of the larger growers to lose interest. Small plots which are cut and processed by individual family units have proved more successful. These growers often obtain three cuttings a year, whereas the scarcity of workers permits large-scale holders to obtain only two cuttings.

Some improvement in retting and degumming machinery has been reported.

Tobacco and Related Products

Canadian Imports for Consumption

Cigarettes, cigars, and tobacco entered for consumption in Canada during the month of January 1945 were as follows, according to an unrevised statement issued by the Canadian Department of National Revenue: Canadian leaf, 207,485 pounds; cut tobacco, 2,305,467 pounds; plug tobacco, 337,672 pounds; snuff, 78,657 pounds; 1,159,075,428 cigarettes, and 16,553,214 cigars. The number of cigars paying excise taxes during January was 18,899,879.

Ecuadoran Tobacco Industry

Output of cigarettes in Ecuador in 1943 totaled 686,476,798 packs, compared with 594,789,489 packs in 1938. Production is almost entirely of native black tobaccos, and although cigarette machinery is used it is obsolete and badly in need of repair. Private enterprise operates three factories and the Dirección General de Estancos operates two, the production of all being geared to domestic consumption. Consequently, no shortages in supply have been reported. Consumption in 1943 totaled 688,838,636 packs, compared with 595,238,304 packs in 1938. There has been a noteworthy increase in consumption of foreign cigarettes, the United States product being favored because of its quality, despite its high cost.

Imports of cigarettes in 1943 totaled 1,827,878 packs compared with 572,732 packs in 1938. Ecuadoran cigarettes number 8, 10, 14, 18, 19, or 20 to the package, the usual one containing 14 or 18.

Production of cigars in Ecuador is carried on entirely by hand. Output in 1943 numbered 39,971,684 cigars compared with 51,903,709 in 1938. Consumption in 1943 totaled 39,985,034, of which 13,350 cigars were imported. In 1938 the number of cigars used was 51,967,829 imports numbering 64,120 cigars.

Radiotelephone service is now available from Ecuador to Argentina, Uruguay, and Paraguay. This service was inaugurated January 17, 1945.

Trade-Mark Applications

***Brazil.*—Notice of applications for registration of the following trade-marks was published in the Diário Oficial. Opposition must be filed within 60 days from the date of publication:**

Trade-mark	Class No. and product	Date of publication
		1945
Black Dog	42—Whisky	Feb. 28.
Elephante	27—Manufactured goods of linen, hemp, and jute not included in other classes.	Do.
	4—Vegetal fibers of linen, cotton, hemp, and jute, etc.	Do.
	33—Articles made of knit woolen or hair textiles (except clothing), articles made of knit woolen or hair textiles.	Do.
	24—Manufactured cotton knit goods (except clothing) and those not included in other classes.	Do.
Prometal-Cromato.	1—Chemical substances used in manufactured products, industries, analyses, research, photography and as anticorrosives.	Do. Do.
Creopanam	2—Chemical substances used for agricultural, horticultural, veterinary, and sanitary purposes.	Do.
Lanceiro (Lancer)	4—Vegetal fibers of linen, cotton, hemp, jute, etc.	Do.
	22—Cotton yarn (except sewing thread).	Do.
	24—Manufactured cotton knit goods (except clothing) and those not included in other classes.	
	59—Cotton thread for sewing.	Do.
	27—Manufactured goods of linen, hemp, and jute not included in other classes.	
	25—Linen, hemp and jute yarn or thread.	Do.
	31—Woolen or hair yarn, twisted or not, including for sewing and knitting.	Do.
	33—Articles made of knit woolen or hair textiles (except clothing), articles made of knit woolen or hair textiles.	Do.
	51—Articles of straw or fibers (not included in other classes).	Do.
	56—Waxed cloth, tents, sail-cloths (of jute or hemp); cordage and twine.	Do.
Sankol	55—Preparations for polishing floors and objects in general and for cleaning metals.	Do.
Memo	12—Hardware and tubes of all kinds. Small metal articles. Other articles of metal not specified in other classes.	Do.
Glicapec	2—Chemical substances used for agricultural and horticultural, veterinary and sanitary purposes.	Do.
Munilack	55—Preparations for polishing floors and objects in general and for cleaning metals.	Do.
Tad	2—Chemical substances used for agricultural and horticultural, veterinary, and sanitary purposes.	Do.
Altex	36—Outer wearing apparel (clothing, shoes, hats, knit goods, stockings and unspecified).	Mar. 1
	37—Underwear and bed sheets, table covers, etc.	Do.
Vaidade (Vanity)	12—Ornamental goods made of common metal	Do.
Valdade (Vanity)	36—Leather and skin pocketbooks, suitcases, etc.	*1945* Mar. 1
	36—Outer wearing apparel (clothing, shoes, hats, knit goods, stockings and unspecified).	Do.
	37—Underwear and bed sheets, table covers, etc.	Do.
	48—Perfumes and scented soaps. Prepararations for cleaning and conservation of teeth and hair, and brushes. Combs and other toilet articles not specified.	Do.
Panam	60—Other articles, not specified in previous classes.	Do.
Eureka	42—Woolen and hair piecegoods.	Do.
Douglas	48—Perfumes and scented soaps. Preparations for cleaning and conservation of teeth and hair, and brushes. Combs and other toilet articles not specified.	Do
Didito	2—Chemical substances used for agricultural and horticultural, veterinary and sanitary purposes.	Do.
Solex	36—Woolen and fur hats of all kinds.	Mar. 2
Triumpho	8—Motion-picture machines.	Do.
Atlantic	41—Preserved fishes	Do.
Florida	do	Do.
Magic	35—First aid kits for physicians.	Do.
Pectoplast	16—Waterproof articles	Do.
Splend	36—Ties	Do.
Bilidol	3—A pharmaceutical preparation.	Do.
Soi-Nitrol	3—A pharmaceutical product.	Do.
Phosotrope	3—A pharmaceutical preparation.	Do.
Stropho-Corodil	3—A pharmaceutical product.	Do.
Termos	36—Matches. Candles, common and detergent soap. Starch, blueing and other preparations for washing.	Do.
Codeisan	3—Chemical substances and other preparations for use in medicine and in pharmacy. Vaccines and biocultures for use in medicine and in pharmacy.	Do.
Elatol	3—A pharmaceutical preparation.	Do.
Florbele	48—Perfumes and scented soaps. Preparations for cleaning and conservation of teeth and hair, and brushes, combs and other toilet articles not specified.	Do.
Serneolina	2—A disinfectant	Do.
Sulfazul	3—A veterinary product	Do.
Entero-Fer	3—A pharmaceutical product.	Mar. 6
Pariquyna	3—A pharmaceutical preparation.	Do.
Indiana	38—Paper, for writing, binding and drawing of all kinds. Other paper manufactures (not included in other classes).	Do.
Art-Plast	52—Boxes and containers.	Do.
Rhenax	10—Surgical medicated gauze.	Do.
Dentobiol	48—Cosmetics, tooth pastes, liquids, etc.	Do.
"106"	12—Hardware and tubes of all kinds. Small metal articles. Other articles of metal not specified in other classes.	Do.
"109"	do	Do.
Frico	8—Radios and electric stoves.	Do.
Eletrex	8—Dictaphones and electrical signalling devices.	*1945* Mar. 6
Kita	3—A pharmaceutial product.	Do.
Palace	35—Preparations for conserving and polishing floors and objects in general and for cleaning metals.	Do.
Evercut	12—Razor blades	Do.
Hepatein	3—A pharmaceutical preparation.	Mar. 7
Confeccoes Americanas.	36—Outer wearing apparel (clothing, shoes, hats, knit goods, stockings and unspecified).	Do.
Acropole	17—Office supplies and equipment of all kinds (except paper).	Do.
Glu-Cola	43—Carbonated drinks, nonalcoholic and syrups for making same.	Do.
Miami	42—Woolen and hair piece goods.	Do.
Vervet	48—Perfumes and sctened soaps. Preparations for cleaning and conservation of teeth and hair, and brushes. Combs and other toilet articles not specified.	Do.
Calico	23—Cotton piece goods	Do.
Clorone	3—Chemical substances and other preparations for use in medicine and in pharmacy. Vaccines and biocultures for use in medicine and in pharmacy.	Do.
Sanex	3—A pharmaceutical product.	Do.
Mirtan's	do	Do.
Gino-Superol	do	Do.
Ferriodan	3—A pharmaceutical preparation.	Do.
Algeosedol	3—A pharmaceutical product.	Do.
Puerton	do	Do.

***Colombia.*—Notice of applications for registration of the following trade-marks was published in the Diario Oficial. Opposition must be filed within about 5 weeks from the date of first printing:**

Trade-mark	Class No. and product	Date of first printing
Mandetex, Madtex	5, 14, and 15—Covering general fabrics, factories manufacturing same, textile machinery and equipment.	*1945* Mar. 6
Guayarsol, Lipo-Guayarsol, Digandina, Tergo, Endoquina, Yecorina, Irisan	2—Covering products used in pharmacy, medicine, veterinary, perfumery and toiletries.	Do.
Neo-Glucalde, Pitayon	1 and 2—Covering chemical substances; also products used in medicine, pharmacy, veterinary, perfumery and toiletries.	Do.
Sayma	3, 9, and 14—Covering sewer and any other piping, general clay products, sanitary equipment, factories and stores manufacturing and selling them.	Do.
Sanatolin	2—Covering salves for external use.	Do.
Vitazoo	22—Covering animal food.	

***Chile.*—Notice of applications for registration of the following trade-marks was published in the Diario Oficial of March 15, 1945. All are class No. 75—Drugs and pharmaceutical products. Opposition must be filed within 30 days from date of publication:**

Trade-mark

Hemorronil	Halazone Abbott
Hipotenson	Sansotonic
Liverferr	Evalin
Septisanil	Mensilin
Canfotetramina	Liviamens
Neumonil	Allcock's B Brandreth
Antigenon	M. V. M.
Carboson	Champion
Inqca	2-4 D
Antox	Dinacrin
Cardiofilina	Dihysterol
Digenzimas	Dolopon
Dormileno	Solidin
Vita B Fuerte-Complex B Fuerte	Jurotex
Neupaverina	Kilscab
Vitorgan	Eiltox
Menopaxen	Frixtermol
Increto cal	Amayodin Bischoff
Mopris	Lobelin Bischoff
Chemovin	Gastropan-Albion

Guatemala.—Notice of applications for registration of the following trade-mark was published in the Diario Oficial. Opposition must be filed within 40 days from the date of first publication:

Trade-mark	Class No. and product	Date of first publication
King's Ransom	49—Liquors and fermented beverages.	*1945* Mar. 10

Foreign-Trade Problems of the United States

(Continued from p. 15)

known London Economist, whose editor, Geoffry Crowther, is also a close observer of the American scene and a frequent visitor to our shores.

While Myrdal and Crowther in particular, and perhaps other critics as well, are genuinely friendly to the United States, their pessimism may not be without bias. They appear to favor a more intimate government direction of production and trade than most Americans would consider either necessary or desirable.

It may be this apparent predilection for State control that causes these more pessimistic forecasts to neglect some of the favorable factors in our prospective situation. But regardless of how we compute the balance between the positive and negative factors at work, we must agree with our own eminent economist, Sumner Slichter, that "Stability will require that the economy be equipped with powerful stabilizing devices" and "will be achieved only by wise planning."

It may be noted that Myrdal's pessimism proceeded largely from doubt that such stabilizing devices and planning are possible within our existing economic and political framework. Therein lies the challenge.

Foreign Economic Policy

All the factors in our international position discussed up to this point have critical implications for our foreign economic policy.

Here, too, in the field of policy our international position is a distinctive one. This is precisely because we place such a heavy premium on personal freedom and individual enterprise. We particularly desire to achieve a general lowering of barriers to world trade. This includes the reduction of tariff walls and the elimination of trade controls. Import quotas and exchange restrictions are especially difficult to reconcile with freedom of private enterprise.

In addition to these objectives, we want to find reasonably secure outlets abroad for the investment of American capital. This is partly because we know that higher incomes in other countries will provide broader future markets for our goods and will contribute to world peace.

But we should also like to count in the more immediate future on the stimulus to our economy that would result from an export surplus financed by capital investment. In view of our prospective need for this stimulus, we should defeat our own purposes if we were unwilling to assume any of the risks that go with investment. Nevertheless, our willingness to place capital abroad must depend very largely upon the prospects of repayment. This is essentially a question of the outlook for increasing our purchases of foreign goods and services. Only through these channels can foreign countries acquire the dollars needed to pay debt service and still continue to buy our exports.

The attainment of these goals hinges not so much upon our diplomatic skill or bargaining position as upon the successful conduct of our domestic economic affairs. If the United States provides an expanding and more dependable market for foreign goods, both through greater domestic stability and through tariff reduction, foreign countries will have less concern for their foreign-exchange positions. We will then have the essential basis for a general liberalization of world trade policies and for an expansion in foreign commerce.

But if the United States market is weak or erratic, other countries may be expected to maintain their import controls

Latin American Exchange Rates

NOTE.—Averages are based on actual selling rates for sight drafts on New York, in units of foreign currency, per dollar, with the following exception: Cuba—United States dollar to the peso. The peso of the Dominican Republic, the Guatemalan quetzal, and the Panamanian balboa are linked to the dollar at 1 to 1; the Haitian gourde is fixed at 5 gourdes to a dollar.

Country	Unit quoted	Type of exchange	Average rate			Latest available quotation		
			1942 (annual)	1943 (annual)	November 1944 (monthly)	Rate	Approximate equivalent in U. S. currency	Date
Argentina	Paper peso	Official A	3.73	3.73	3.73	3.73	$0.2681	Dec. 31, 1944
		Official B	4.23	4.23	4.23	4.23	.2364	Do.
		Bid	4.49	4.94	4.94	4.94	.2024	Do.
		Free market		4.06	4.027	4.05	.2469	Do.
Bolivia	Boliviano	Controlled	46.46	42.91	42.42	42.42	.0236	Feb. 28, 1945
		Curb	49.66	45.42	57.50	60.75	.0165	Do.
Brazil	Cruzeiro [1]	Official	16.50	16.50	[2] 16.50	16.50	.0606	Feb. 5, 1945
		Free market	19.64	19.63	[2] 19.50	19.50	.0513	Do.
		Special free market	20.52	20.43	[2] 20.00	20.00	.0500	Do.
Chile	Peso	Special	19.37	19.37	19.37	19.37	.0516	Feb. 28, 1945
		Export draft	25.00	25.00	25.00	25.00	.0400	Do.
		Free market	31.75	32.37	31.78	32.03	.0312	Do.
		"D. F." [3]	31.13	31.00	31.00	31.00	.0323	Do.
Columbia	do	Commercial bank	1.75	1.75	1.75	1.746	.5727	Dec. 31, 1944
		Bank of Republic	1.76	1.76	1.76	1.755	.5698	Do.
		Curb	1.77	1.76	1.75	1.75	.5714	Do.
Costa Rica	Colon	Uncontrolled	5.71	5.65	5.68	5.67	.1764	Jan. 31, 1945
		Controlled	5.62	5.62	5.62	5.62	.1779	Do.
Cuba	Peso	Free	1.00	1.00	1.00	1.00	1.0000	Feb. 28, 1945
Ecuador	Sucre	Central Bank (official)	14.39	14.10	13.97	[4] 13.77	.0726	Jan. 11, 1945
Honduras	Lempira	Official	2.04	2.04	2.04	2.04	.4902	Feb. 28, 1945
Mexico	Peso	Free	4.85	4.85	4.85	4.85	.2062	Do.
Nicaragua	Cordoba	Official	5.00	5.00	5.00	5.00	.2000	Mar. 10, 1945
		Curb		5.16	6.16	7.14	.1401	Do.
Paraguay	Paper peso	Official	333.00	[5] 333.00				
	Guarani [6]	do		3.10	3.12	3.12	.3205	Feb. 21, 1945
Peru	Sol	Free	6.50	6.50	6.50	6.50	.1538	Nov. 30, 1944
Salvador	Colon	do	2.50	2.50	2.50	2.50	.4000	Jan. 31, 1945
Uruguay	Peso	Controlled	1.90	1.90	1.90	1.90	.5263	Feb. 28, 1945
		Free	1.90	1.90	1.90	1.90	.5263	Do.
Venezuela	Bolivar	Controlled	3.35	3.35	3.35	3.35	.2985	Dec. 31, 1944
		Free	3.45	3.35	3.35	3.35	.2985	Do.

[1] Under law of Oct. 6, 1942, the cruzeiro became the unit of currency, replacing the milreis. Since Nov. 1942, exchange quotations have been in terms of cruzeiros and centavos to the dollar.
[2] Disponibilidades proprias (private funds).
[3] Used until Nov. 7, when the paper peso was replaced by the guarani.
[4] New currency unit instituted as of Nov. 8, 1943. Paraguayan central bank establishes a "legal rate" from which buying and selling rates may vary by 1 percent. Since July 13, 1944, the legal rate has been fixed at 3.09 guaranies to the dollar, resulting in buying and selling rates of 3.059 and 3.121, respectively.
[5] Average also for September and October 1944.
[6] A decree of Nov. 18, 1944, fixed basic central bank buying and selling rates at 13.40 and 13.50 sucres to the dollar respectively, but the imposition at the same time of a 2 percent charge on all exchange transactions has resulted in effective buying and selling rates of 13.132 and 13.77.

NOTE.—Special rates apply to automotive equipment and agricultural machinery imported from the United States into Argentina.

as a condition for their own internal programs of reconstruction and development, and the prospects of collecting income and principal on our foreign investments will be correspondingly impaired. The success of our foreign economic policies thus depends in a very fundamental way upon the success of our domestic policies.

Fund and Bank: The Basic Facts About Bretton Woods

(Continued from p. 11)

nationalism will be offered every encouragement to entrench themselves permanently. Our chances of establishing an orderly, liberal set of international currency relationships would be immeasurably impaired by a policy of postponement.

Dangerous Suggestion

A third possibility is to scrap the Fund and to assign its general field of activity to the proposed Bank. In view of the time that would be required to give international consideration to this proposal, and also to the counterproposals that would inevitably come from other countries, this suggestion runs the same dangers as a wait-and-see policy.

The proposal has the apparent virtue of simplicity. But in reality it only postpones consideration of the whole range of international currency problems and makes them subject to later negotiation. What assurance have we that agreements ultimately worked out would be simpler than those achieved at Bretton Woods? And why should we throw away the commitments already obtained in the Bretton Woods Agreements against resort to arbitrary unilateral currency depreciation and exchange restrictions? Is it likely that a new set of negotiators could get more unequivocal and universal pledges along these lines?

To assign such general and ill-defined responsibilities to the Bank would set aside the carefully formulated and well-balanced set of international monetary principles agreed upon by all the nations represented at Bretton Woods after several years of careful study and preliminary negotiation. In place thereof, we would obtain nothing but the *unsecured promise* of further discussions, which could at best yield only a series of separately negotiated improvisations such as we have known in the past. If Bretton Woods is not adopted, each country will retain freedom of action. Instead of moving toward greater exchange stability and a more liberal multilateral system, we should probably be traveling in the opposite direction.

Essentially Negative

The various possible alternatives to Bretton Woods which I have mentioned are all essentially negative rather than positive in character. They aim at rejection of the proposed Fund but do not offer anything tangible in its place. However favorably disposed the critics of Bretton Woods may be toward the general idea of international monetary cooperation, they have failed to cope in a constructive manner with the down-to-earth problem of working out an alternative set of principles and procedures.

Another suggestion that has been made is that we revive the international gold standard. This has the virtue of being a more positive proposal than any of the other alternatives. But we all know that, in fact, it would be utterly impossible to obtain anything approaching general acceptance of a rigid gold standard. However, the Bretton Woods plan contains the best and most practical features of the international gold standard.

Position of Gold

As you are aware, the position of gold is fully safeguarded in the proposed Fund. The currencies of all members must be defined in terms of gold or of the present gold dollar. Each member is required to accept gold in exchange for its own currency. Members are required to maintain intact the gold value of their curriencies held by the Fund.

The chief apparent departure from the old gold standard is in the provisions for altering par values of currencies. This change is, however, more apparent than real. Under the old gold standard, countries were in fact free to alter the gold content of their currencies and to do so by unilateral action. The Fund regularizes and limits such changes in currency relationships. It rules out competitive currency depreciation and permits changes in par values only when necessary to correct a fundamental disequilibrium. In all cases other members of the Fund must be consulted before action is taken.

This is an important step forward. Moreover, it would be impossible to obtain the pledge to promote exchange stability if the Fund did not permit some flexibility when required to correct basic disturbances.

Domestic Soundness Vital

The Department of Commerce has repeatedly pointed out in recent years the repercussions on our foreign trade, and on the world economy generally, of wide cyclical fluctuations and unemployment in our own economic life. It would be foolish to suppose that international monetary and investment arrangements, however contrived, could be fully satisfactory unless we are reasonably successful in overcoming these twin evils at home.

If we wish to assure the fullest possible measure of exchange stability under the Fund, our best contribution will be to develop our own foreign trade on a sound, expanding basis. This means above all that we must endeavor to maintain our purchases from other countries at high and reasonably stable levels. Under these conditions we should find it possible to achieve the exchange stability and freedom of convertibility which characterized the old gold standard at its best. But without the foundation offered by Bretton Woods, we stand very little chance indeed of developing quickly the type and volume of trade which are necessary to this end.

Long-Term Investments

I think it is unnecessary to dwell on the desirability of international long-term investments. As long as capital remains relatively scarce in some countries, particularly in countries with rich but undeveloped natural resources, international investment should be a mutually profitable enterprise. The investors in the capital-exporting country may receive a higher rate of return on their capital than they could receive at home. The foreign country will be enabled to develop its economy at a faster rate than would otherwise be possible, thus improving the economic well-being of its citizens. The history of our own country and that of Canada furnish two outstanding examples of nations which have benefited greatly from the investment of foreign capital within their borders. The United Kingdom, the Netherlands, Belgium, and Switzerland may be cited as countries whose foreign investments have contributed substantially to the standard of living of their populations.

There can be no question that the United States will be in an unusually favorable position to make foreign investments in the post-war period. If a high level of economic activity is maintained—and we have every confidence in the ability of this Nation to maintain such a high level—the annual volume of savings available for domestic and foreign investment might amount to $25,000,000,000 or $30,000,000,000 a year. It is by no means certain that such a volume of savings can be invested at home unless much of it is done by the Government itself. Since returns on long-term capital are higher in many countries than in the United States, foreign investment would be a natural and profitable outlet for American capital. Moreover, the stimulus to our export trade provided by foreign investments would be a direct aid in maintaining the level of production and income desired for this country.

Past Experience

Unfortunately our past experience with foreign bonds has not been such as to inspire confidence on the part of individual United States investors. As every one knows, substantial amounts of our holdings of foreign dollar bonds have gone into default with a resultant financial loss to the American owners. I should like to point out some of the factors involved which we believe the present proposals for an International Bank will go a long way toward correcting.

Consider first the unsoundness of many of our past loans. Under the unregulated and uncoordinated lending practices of the 1920's, many loans were

made without proper consideration of the debtor's ability to repay and without satisfactory procedures for ensuring that the loan proceeds would be used for productive purposes. Because of the very substantial commissions involved in underwriting foreign issues, there was an unhealthy competition among investment bankers, including many inexperienced and unscrupulous houses, which resulted in loans being placed without adequate consideration of their soundness. Financing was largely based on what the market would take rather than on what was good for either the borrower or the investor.

The proposal for the Bank provides well-conceived safeguards against unwise lending. Not only is each loan application to be carefully investigated by a technical committee, but the Bank is required to make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted.

Avert Excessive Borrowing

Secondly, the past has been marked by overborrowing by individual countries. Regardless of the ability of individual debtors—national governments, provinces, municipalities, or private corporations—to meet obligations from their own revenues and *in their own currencies*, it is clear that the total amount of *external* debt which a given country can service is limited by its ability to obtain the necessary foreign exchange, either through exports or by other means. The bank, in cooperation with the Fund, will be able to make exhaustive analyses of the current and prospective balance-of-payments position of a borrower, which should serve to prevent excessive total borrowing on the part of any individual country.

Terms To Be Reasonable

Next, we all know that past lending in the international sphere has frequently involved onerous terms. During the 1930's there was general feeling in many debtor countries that the loans floated by their governments in the United States had been incurred at too great a cost. The yield to the public on Latin American bonds offered in this market in the 1920's, for instance, averaged well over 6½ percent. In view of the large commissions paid to underwriters, the cost to the borrowers was much higher. If international loans are to be mutually advantageous, the cost to the foreign borrower must not be exorbitant. Since the avowed purpose of the Bank is to enter into a situation only when a prospective borrower cannot otherwise get a loan at reasonable rates, its influence will tend to keep the cost of external borrowing at reasonable levels.

Sporadic Lending Harmful

Perhaps even more serious than all other mistakes was the sporadic nature of our past lending. It is generally agreed that we not only lent unwisely and too much in the 1920's but that we stopped too suddenly. A world economy adjusted to large capital outlays by the United States was unable to withstand the shock of this cessation. The strain was particularly severe since it was superimposed upon a 70-percent decline in the value of our imports from 1929 to 1932. The decline in dollars supplied by way of long-term capital investment was over 90 percent—from $1,037,000,000 in 1929 to only $87,000,000 in 1932. This was a terrific shock in view of the dominant importance of the United States in world trade and the world economy generally.

The Bank cannot, of course, guarantee to prevent depressions. However, in addition to helping to maintain healthy conditions in the international capital markets, the Bank can serve to even out the rate of lending.

Another weakness in our past investment experience has been the unequal assumption of risk. There can be no question, I believe, that American loans to foreigners in the 1920's provided an initial stimulus to business throughout the world. The funds provided were spent, in the first instance, in many countries and stimulated world trade in general. When losses developed, however, the United States had to bear the burden alone. Under the proposed Bank all members share in whatever losses there may be from bad loans. Thus all the world will help to carry the risks of a program from which all the world will benefit.

Toward Cooperative Action

I have just returned from the Inter-American Conference on Problems of War and Peace at Mexico City. Important steps were taken there, with the invaluable assistance of members of Congress, to extend and strengthen cooperation among American countries in political and economic matters of mutual concern. All of us who attended the conferences were impressed, I think, by two things. One was the strong will on the part of all the nations represented to meet and solve international problems through international cooperative action. The other was the conviction manifest on every hand that political security and economic well-being are indispensable to each other. Thus the Dumbarton Oaks proposals, the Bretton Woods agreements, and the resolutions adopted at Mexico City together represent a progressive determination to build a lasting peace.

Dominican Mineral Imports

Imports of nonmetallic minerals into the Dominican Republic in the first 8 months of 1944 included 26,480,992 kilograms of cement, valued at $369,498; 677,224 kilograms of clay products, worth $90,304; and 147,569 kilograms of clay and manufactures, valued at $22,659.

Exports for the year 1944 included 7,418 kilograms of stones ($281); 2,500 kilograms of lime ($90); 2,146,351 kilograms of gypsum ($9,658); and 61,749 kilograms of tiles ($3,835).

Contributors' Column

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Guano production in Peru increased to 91,820 metric tons in 1943, compared with 79,201 tons in 1942.

Export Ebb and Flow of Russian Petroleum

(Continued from p. 9)

The following table shows Germany's imports of gasoline by leading suppliers from 1928 through 1933.

The Soviet Union also succeeded in supplying an ever-increasing proportion of Germany's lubricating-oil requirements, so that the blenders of lubricants imported 110,452 tons, or 35 percent, of their bright stocks from the Soviet Union by 1932. Operating out of Germany, "Derunaft" also sold, from stores in Hamburg, to large Austrian and Scandinavian clients, and to the Czechoslovak refineries cartel which, during the peak years of Soviet exports, covered most of its requirements of crude from these sources.

Imports of Gasoline Into Germany (1928–33)

[In metric tons]

Item	1928	1929	1930	1931	1932	1933
United States	254,248	439,826	699,303	544,482	330,575	110,967
U. S. S. R.	67,974	51,321	177,279	281,494	276,753	255,598
Rumania	64,343	82,128	193,003	147,931	77,714	121,977
Iran	84,382	74,771	110,901	136,311	134,615	109,514
Total [1]	482,555	713,116	1,434,670	1,346,657	1,087,678	1,004,758

[1] Totals are not the sum of items listed.

French Business Obtained

The Oil Syndicate was excluded from direct participation in the selling field in France by a French law requiring that a license to import be granted to French importers only. Nevertheless, Soviet oil, marketed by the domestic "Petrofina Française," earned for itself a sound reputation, and because it sold at prices slightly lower than did oil from other sources, it was accepted in French oil circles as something of a price regulator. Between 1929 and 1932, when 967,222 tons of oil products were absorbed there, petroleum exports from the Soviet Union to France showed an increase of 197 percent, largely as a result of the renewal of the contract between the "Petrofina" and the Oil Syndicate every 2 years. On the ground that the oil industry in France needed a uniform crude product for its refineries, a group of French importers headed by "Petrofina" signed in September 1932 a 5-year contract with the Soviet oil organization. This contract provided that a minimum of 300,000 tons of oil products, including crude, be imported each year from 1932 through 1937. The Soviet Union improved the position of a large part of its petroleum products on the French market against most suppliers, ranking second only to the United States.

Petroleum Imports Into France

[In hectoliters]

Item	1932	1933	1934	1935	1936
GASOLINE, ORDINARY					
U. S. S. R.	667,569	633,961	509,217	150,981	62,148
United States	352,709	227,459	157,341	536,306	736,129
Total [1]	1,871,855	1,480,563	1,560,894	1,483,274	1,580,373
FUEL OIL					
U. S. S. R.	2,008,272	1,554,492	940,011	267,633	1,708,502
United States	321,674	325,497	No data	229,581	No data
Total [1]	6,688,417	6,262,096	2,641,619	2,933,835	3,973,814

[1] Totals are not the sum of items listed.

Purchases by Italy

For Italian buyers of petroleum the Soviet product had the double advantage of coming from a comparatively nearby source as well as affording that country some freedom from "domination by the world oil trusts," as the newspapers frequently expressed it. Lacking any important domestic deposits of this vital raw material, the Italian Government bought large quantities of Soviet fuel for its Navy, whereas the Italian petroleum agency "Agip" maintained a contract with the Oil Syndicate in order to reduce the risks of any interruption in supply in case of a war situation. Moreover, Italy, like France and Spain, anxious to reduce its complete dependence on foreign supplies, was beginning to develop its own refining industry. At a number of points in Italy refining plants were successfully cracking and further refining "topped" petroleum imported from the Soviet Union. During some of the peak years of that country's intensive export program (1930–34), United States oil on the Italian market sustained considerable losses.

Relations With Spain

Except for one interruption in 1931, the Spanish petroleum monopoly (Campsa), which made its purchases under long-term contracts by preference, maintained good commercial relations with the Soviet Oil Syndicate. In contrast to the big oil companies, the Soviet organization proved willing to indulge Spain's oil-refining ambitions, sending in considerable quantities of crude and "topped" petroleum. As a result of their renewed contract, signed for the monopoly by the Finance Minister in Madrid in May 1931, the Campsa undertook to purchase from the Soviet organization 250,000 tons of petroleum products annually over a 3-year period. In addition to selling high-grade gasoline at low-grade prices, the Soyuzneft (the new organization which in January 1930 absorbed both the Oil Syndicate and the petroleum-producing trusts) agreed to bill shipments to the Spanish monopoly at 18 percent lower than the prevailing prices at other points of origin.

Petroleum Imports Into Italy

[In metric quintals]

Item	1929	1930	1931	1932
GASOLINE				
U. S. S. R.	684,486	723,877	770,459	833,251
United States	1,765,024	1,416,536	609,325	423,798
Total [1]	3,867,772	3,897,710	3,671,347	3,249,412
FUEL OIL				
U. S. S. R.	1,802,253	2,643,234	3,216,339	3,245,040
United States	727,857	109,803	385,983	491,166
Total [1]	5,899,982	7,716,740	8,041,815	8,344,620
CRUDE				
U. S. S. R.	317,576	527,150	513,696	650,695
United States	138,837	160,446	460,580	330,207
Total [1]	597,955	964,389	1,015,183	1,271,654

[1] Totals are not the sum of items listed.

The contract also contained an article stipulating that, whenever diplomatic relations between the two countries should be established, a large part of the Soviet receipts from the sale of oil products would be spent on purchases in Spain. Gasoline was the leading export item from the Soviet Union to Spain, constituting about two-thirds of total oil exports, with Diesel and fuel oils next in importance. The Soviet share in Spain's gasoline imports outweighed by four to one that of the United States, normally Spain's chief supplier.

Gasoline Sales Pushed

Although fuel oil was by volume the leading product in the oil export trade of the Soviet Union during the peak years, it was the export of gasoline which was most assiduously cultivated for its high value as a "valuta" (foreign-exchange) source. Gasoline, in terms of value, was responsible, for the years 1930–34, for 50, 43, 46, 42, and 38 percent, respectively, of the petroleum trade. Its distribution, therefore, brought the Soviet sales apparatus into nearly every economically important European country and many remote areas. In Belgium, Soviet gasoline and fuel oil sold through the "Purfina Belgique," whereas in the Scandinavian and Baltic countries the Oil Syndicate operated its own distribution system, selling gasoline and motor oil by

Petroleum Imports Into Spain

[In metric quintals]

Item	1930	1931	1932	1933	1934
GASOLINE					
U. S. R. R.	1,716,176	1,153,936	2,605,482	2,260,186	2,825,689
United States	1,656,548	1,368,197	593,583	830,165	1,045,267
Total [1]	3,467,806	3,923,226	3,852,168	3,645,968	4,400,564
FUEL OIL					
U. S. S. R.	351,088	42,946	1,162,911	901,104	1,124,024
United States	76,361	55,125	30,653	342,341	907,562
Total [1]	539,237	1,643,516	1,877,323	1,582,263	2,285,318

[1] Totals are not the sum of items listed.

pump and from store. Turkey and Egypt consumed annually an average of 156,304 and 189,440 metric tons, respectively, of Soviet oil products, chiefly kerosene, during the peak 5-year period.

Elsewhere in the world, tankers of the R. O. P. carried liquid fuel from Batum to South Africa (where the A. R. O. P. distributed petroleum products wholesale and retail), Greece, and India. In 1931 Soviet cargoes began to reach ports of South China, Korea, and New Zealand, and for several successive years the Oil Syndicate supplied the gasoline requirements of the Government of Uruguay along with sufficient crude to start a state-owned refining industry. The Soviet trade monopoly in 1932 bartered a large aluminum order in Canada for half gasoline and half gold. Much to everyone's surprise at the moment, a solitary shipment of 53,914 barrels of Baku oil on September 10, 1930, even strayed into the harbor of Baltimore, Md., in search of a buyer at 4 cents a gallon.

Staging a Planned Withdrawal

The intensive exportation of petroleum began to show signs of abating as soon as the First 5-Year Plan ended. Once the plants and machines produced by this industrialization drive began to function, Soviet oil was withdrawn from the world market by the same rigorous planning which had originally launched it. In the 5 years that followed (1933–37), a period during which the production of crude progressed satisfactorily enough from 21,000,000 to 31,000,000 metric tons a year, the oil industry so reduced its export allocation that, instead of 28.6 percent of total output, as was the case in the last year of the First Plan (1932), only 6.3 percent of production was shipped out of the country in the last year of the Second Plan (1937), and 4.3 percent the next year. The following table shows the decline of Soviet oil exports from 1932 through 1938:

Soviet Production and Export of Petroleum Products 1932–38

Year	Production	Export	Percentage
	Metric tons	*Metric tons*	
1932	21,376	6,196	28.6
1933	22,458	4,894	21.8
1934	25,612	4,315	16.8
1935	26,763	3,368	12.6
1936	29,293	2,666	9.1
1937	30,600	1,929	6.3
1938	32,231	1,388	4.3

The sharp drop in Soviet oil shipments abroad was not the result of a decline in production, or of adverse selling conditions on the world market. In fact, the outstanding marketing difficulty of this period, namely, low petroleum prices, would have had a tendency to force larger quantities of Soviet oil into foreign-trade channels, since it was not so much the physical volume of goods as the "valuta" returns from each exported commodity that were of importance in the Soviet export plan. A reduction in the exportation of vital industrial raw materials, such as oil, did become possible, however, as soon as the First 5-Year Plan was concluded because, to quote one Soviet student of the country's foreign trade, "as the volume of our imports began to decline, the urgency of forcing our exports disappeared.[1] Soviet imports during these years were declining at a rapid rate, the value having decreased from 4,800,000,000 rubles in 1931 to 3,100,000,000 in 1932, 1,500,000,000 in 1933, and 1,000,000,000 rubles each in 1934 and 1935.

Furthermore, as both industry and agriculture were being deliberately mechanized at high speed, the oil requirements of the home market, could no longer be ignored with impunity. Whereas in 1928 Soviet industry was producing only 1,000 tractors a year, by 1932 its output was raised to 50,640; and in 1933 78,138 tractors were produced on domestic assembly lines. With the expanding use of tractors, combines, and trucks in Soviet fields, the nation's food supply became inextricably bound up with petroleum. An allocation of 100,000 tons of gasoline a year, such as was spared for domestic use in 1928, when more than a million tons were exported, could no longer meet requirements in 1933 when 148,840 tractors and 25,400 combines were operating in Soviet fields. After 1933 domestic consumers received an increased share of every petroleum product produced at home, as the following table will indicate:

Consumption of Oil Products on the Home Market

[In thousand metric tons]

Item	1928	1933	1934	1935	1936	1937
Gasoline	98	1,091	1,477	2,215	3,534	4,392
Kerosene	1,190	3,234	3,520	4,123	4,700	4,985
Lubricating oil	199	(1)	(1)	1,090	1,083	1,230
Fuel oil	4,435	8,264	9,003	9,482	(1)	8,189
Total [2]	6,806	18,456	20,300	21,644	25,000	21,214

[2] Totals are not the sum of items listed.

Sharp Reorientation

All the pipe lines and nearly all the refining facilities erected after 1932 clearly reflected a reorientation on the part of the oil industry in the direction of the home market. A 10-inch line for carrying refined products over a distance of 485 kilometers toward the Donets industrial region was built between Armavir (a station on the Grozny-Tuapse pipe line) and Trudovaya in the Ukraine. Another line, 12 inches in diameter and 710 kilometers long, was laid between Guriev in the Emba fields and Orsk in the South Urals on the road to the industrial Southern Urals. In addition to several smaller lines in Emba and Bashkiria, another major pipe line completed in 1935 was the domestically important Grozny-Makhachkala 14-inch line extending 155 kilometers from the Grozny oil fields to the Caspian Sea. Many new refineries, cracking units, and pipe stills were put into operation in the oil-consuming region on the Volga, eight of the cracking units having been installed at Saratov.

As a consequence of curtailing its foreign sales, the Soviet oil industry, as represented by Soyuzneft, which absorbed all the producing trusts as well as the Syndicate (in January 1930) took steps to dispose of some portions of its sales apparatus abroad. In January 1935 Soviet oil dealers abandoned the retailing field in Germany, selling the "Derop" installations to the "Benzol Verband," the chief purchasers. One year later they withdrew from the South African market by disbanding the A. R. O. P. and disposing of its properties among the major oil companies.

There is ample evidence to indicate that the planning agencies of the Soviet oil industry did not fully anticipate the extent to which the industry would be forced to reduce its exports. At the time of the formulation of the Second 5-Year Plan, the official estimate placed the share of exports for 1937 at 13 percent of production, or an absolute quantity of 10,000,000 tons, which was never reached. In the same spirit of optimism generated by the remarkable upward trend in the petroleum industry which carried out its 5-year program in 2½ years, a Soviet oil representative turned down an offer from the large foreign oil

[1] I. S. Ginsburg, Vneshnyaya Torgovlya S. S. S. R., Moscow 1937, page 71.

(Continued on p. 47)

U. S. Export Control and Related Announcements

(Developments communicated to the Trade Controls Unit up to Monday, April 2, 1945)

The Foreign Economic Administration has issued the following Current Export Bulletin:

No. 611—*Current Export Bulletin No. 235, March 30, 1945*

I. *1945 Export Allocation for Light, Medium, Light-heavy, and Heavy-heavy Trucks*

A. An export allocation for light, medium, light-heavy, and heavy-heavy trucks has been established by the War Production Board, and each manufacturer of such trucks has been authorized to schedule for production and produce a limited number of units for export during the year 1945. The export production program has been planned to fulfill the minimum essential requirements of each foreign country from the 1945 production, and no exportation will be authorized for new trucks to be withdrawn from the "1942 stockpile," 1944 domestic production, or 1945 domestic production program, as the supply of these trucks has been reserved for United States domestic distribution only.

B. The manufacturer-exporter shall charge the trucks to be exported against his export production program for the country of destination. However, as indicated in paragraph D, if the trucks are to be exported under SP licenses, the manufacturer-exporter will not charge those trucks against his export production.

C. Any exporter, other than a manufacturer, shall attach to his export license application a statement from the manufacturer of the trucks that the trucks to be exported will be charged to that manufacturer's export production program for the country of destination.[1] However, in exceptional circumstances, such as trucks required for conversion into fire engines, ambulances, or other similar special vehicles, applications may be submitted without such a statement from the manufacturer.

D. In addition to the 1945 export production program established for each manufacturer, there will be made available by the truck manufacturers sufficient trucks out of their other 1945 production to supply the essential needs of the SP licensed projects, programs, and other approved projects. This provision has been made so that operators of certain U. S. Government-sponsored war projects and other war projects, such as petroleum and mining, in foreign countries may be supplied with the trucks required for such approved projects.

II. *Special Procedure for Processing Applications to Export Frozen, Idle or Excess Commodities Procured Pursuant to the Provisions of WPB Priorities Regulation 13, as Amended*

A. The Foreign Economic Administration has developed a special procedure to expedite the processing of export license applications covering frozen, idle, or excess materials procured pursuant to the provisions of WPB Priorities Regulation 13, as amended.

B. WPB Priorities Regulation 13, as amended, permits the sale of commodities by persons not regularly engaged in the business of selling such commodities. Such sales are termed "special sales" and includes sales by government agencies; liquidation sales; bankruptcy sales; general auction sales; and the sale of frozen, idle or excess materials.

Section (c) (7) of WPB Priorities Regulation 13, as amended, provides, in part, that all commodities except those enumerated in List B of the Regulation may be sold in "special sales" to foreign purchasers or domestic purchasers buying for export or for resale to a foreign purchaser without procurement restrictions. Commodities on List B, however, may be sold *only* under the terms prescribed in that List.

C. Applications for licenses to export such commodities should be directed to the Requirements and Supply Branch, Foreign Economic Administration, Washington 25, D. C. To insure special handling and expeditious processing of these export license applications, the exporter must write the words "PR 13" in the lower left corner of the envelope in bold type. Exporters should further identify such cases by writing the following statement in blocks 8 and 12 (a) of form FEA 419, "Purchased through 'special sales' under WPB Priorities Regulation 13".

Upon request, and at the exporter's expense, telegraphic or telephonic notification of the final action will be given to the exporter prior to the return of the export license through usual channels.

If supply assistance is necessary to procure commodities on List B of WPB Priorities Regulation 13, as amended, the exporter should attach the necessary forms (other than WPB–541) to his application for a license. The Foreign Economic Administration will either assign a preference rating, if such rating is within the authority delegated by the War Production Board to the Foreign Economic Administration, or submit the forms to the War Production Board for the assignment of a preference rating or the granting of a specific release.[2]

D. Provisions of WPB Priorities Regulation 13, as amended, relating to controlled materials are outlined below:

1. *Aluminum.*—The provisions set forth in Comprehensive Export Schedule No. 17, page 157, title E, item 1, are no longer applicable. Permission to sell or purchase aluminum for export, in a controlled material form, may be obtained by the buyer or seller by directing a letter in duplicate to the Aluminum Division, War Production Board, Washington 25, D. C. If the request is approved, the Aluminum Division will issue form WPB–3320 to the seller with copies thereof to the buyer and to the Foreign Economic Administration. After receiving the form WPB–3320, the exporter shall file his application for an export license on form FEA 419, attaching thereto a copy of form WPB–3320 received from the War Production Board, or a photostatic copy thereof. If the request is not approved as a "special sale" pursuant to the provisions of WPB Priorities Regulation 13, as amended, the Aluminum Division of the War Production Board will inform the exporter by letter, a copy being sent to the Foreign Economic Administration, Washington 25, D. C., that he must apply to the Foreign Economic Administration for the material in accordance with established procedure for obtaining allotments of controlled materials. (See Comprehensive Export Schedule No. 17, page 181, part 8.)

2. *Copper.*—Permission to sell or purchase copper for export, in a controlled material form, may be obtained by the buyer or seller by directing a letter in duplicate to the Copper Division, War Production Board, Washington 25, D. C. If the request is approved, the Copper Division will issue form WPB–3320 to the seller with copies thereof to the buyer and to the Foreign Economic Administration. After receiving the form WPB–3320, the exporter shall file his application for an export license on form FEA 419, attaching thereto a copy of form WPB–3320 received from the War Production Board, or a photostatic copy thereof. If the request is not approved as a "special sale" pursuant to the provisions of WPB Priorities Regulation 13, as amended, the Copper Division of the War Production Board will inform the exporter by letter, a copy being sent to the Foreign Economic Administration, Washington 25, D. C., that he must apply to the Foreign Economic Administration for the material in accordance with established procedure for obtaining allotments of controlled materials. (See Comprehensive Export Schedule No. 17, page 181, part 8.)

3. *Steel.*—a. *Steel purchased from the Metals Reserve Company (Reconstruction Finance Corporation) and other government agencies under the deferred delivery plan.* License applications to export surplus steel purchased from any of the Metals Reserve Company (Reconstruction Finance Corporation) offices or from other government agencies should be marked clearly as set forth in paragraph C above, and be accompanied by the purchase agreement (Letter of Commitment) between the exporter and the Metals Reserve Company or other government agency. A release on form WPB–3320 need not be submitted. It will be secured by the Foreign Economic Administration directly from the War Production Board whenever required. In all cases involving the sale of government-owned surplus steel it will be necessary that, in item 7 (e) of the application form FEA 419, the exporter, in addition to a full description, state the surface condition (such as rusted, pitted, bent, fire-damaged, etc.), whenever the material is not in prime condition.

b. *Steel purchased from sources other than stated in paragraph D, 3, a above.*

(1) License applications to export frozen, idle, or excess steel will be considered under this new procedure *only if the steel is to be purchased from "holders,"* such as war plants and others who are not regularly engaged in the production or distribution of iron and steel.

(2) If the application to export calls for galvanized sheets, nickel alloys, stainless steel, tinplate, or wire rope, the exporter must submit with his application a release on form WPB–3320. Such release may be secured from the Allotment and Allocations Section, Steel Division, War Production Board, Washington 25, D. C.

c. This procedure should not be followed for filing applications to export surplus steel *other* than applications relating to steel covered by WPB Priorities Regulation 13, as amended, as set forth in this bulletin.

E. *Applicable OPA Regulations*

Sales of excess stock by U. S. Government agencies or departments are governed by OPA Supplementary Order 94, as also are sales by contractors and subcontractors whose contracts with the U. S. Government have been terminated. Sales other than those above are governed by Revised Maximum Price Regulation 204.

On export sales the maximum price is governed by the Second Revised Maximum Export Price Regulation; the location of the material must be given on form FEA 419 in item 15, inasmuch as it affects the price.

F. Nothing stated herein shall relieve the exporter from the responsibility of compliance with all applicable orders and regulations issued by the War Production Board and the Office of Price Administration. Exporters are urged to become familiar with the provisions of WPB Priorities Regulation

[1] The requirement contained in paragraph C has been approved by the Bureau of the Budget, under date of March 16, 1945, and approval number BB 31–R064, in accordance with Regulation A pursuant to the Federal Reports Act of 1942.

[2] The requirements contained in items C, D, and E have been approved by the Bureau of the Budget, under date of February 16, 1945, and approval number BB 31–RO66, in accordance with Regulation A pursuant to the Federal Reports Act of 1942.

13, as amended, copies of which may be obtained from any of the field offices of the War Production Board or from the War Production Board, Washington 25, D. C.

III. Change in Names of Swedish and Portuguese Agencies Handling Shipping Space

Comprehensive Export Schedule No. 17, page 139, paragraph *4b*, lists the commissions through which allocations of shipping space for exports to Portugal and Portuguese possessions, Sweden, and Switzerland may be requested. Changes have been made in the names of the Swedish and Portuguese agencies, and requests for shipping space to these destinations should be addressed as follows:

Sweden	Swedish Government Cargo Clearance Committee, 630 Fifth Avenue, New York 20, N. Y.
Portugal and Portuguese possessions.	Portuguese Purchasing and Trade Commission, 630 Fifth Avenue, New York 20, N. Y.

The listing for Switzerland shown in the Comprehensive remains the same: Swiss Cargo Commissioner, 444 Madison Avenue, New York 22, N. Y.

Export Ebb and Flow of Russian Petroleum

(Continued from p. 45)

companies to buy the oil surplus of the Soviet Union for a 5-year period at the rate of its 1931 foreign sales level, namely, 5,000,000 tons a year. The Soviet counter-proposal called for a 3-year commitment contract and a higher annual quota, justified by the rising trend of exports. No satisfactory agreement was reached.

It became apparent by the end of 1932, however, that the pace set by the oil industry during the first 3 years of the Plan could not be maintained indefinitely. Some of the more sanguine upward revisions made in 1930 and 1931 by the industry and the Party, envisioning an output of 40,000,000 or 45,000,000 tons by the end of 1933, had to be scaled down again. After an extended period of mounting successes the industry had run into a series of technical difficulties. Shortages in drilling equipment and machinery, poorly trained cadres, and a green and shifting labor force in 1932 brought about the first loss of ground sustained by the industry since its nationalization. Progress was resumed again in 1933 but at a slower rate. Inevitably, then, because the primary aim of the industry during the Second 5-Year Plan was to satisfy the oil needs of the home market, the reduction in the export program for this period was more drastic than had been originally intended.

The Campaign in Retrospect

On the whole, the Soviet Union's brief but intensive oil-export campaign amply performed its appointed function within the State-directed economic program for the period. It helped to finance a vital import schedule before credits became generally available, and later contributed toward removing the burden of a heavy foreign debt. As the result of the all-out buying spree necessitated by the objectives of the 5-Year Plan, Soviet foreign indebtedness rose to a dangerous level and, being in the nature of short-term credits, had to be discharged primarily by means of a *favorable* balance of trade.

Between the years 1931 and 1935, the foreign debt declined from 1,400,000,000 rubles to 120,000,000 rubles, a reduction to which petroleum contributed conspicuously by furnishing "valuta" valued at 287,000,000 rubles, or about 22 percent of the liquidated debt.

Far from upsetting the price structure on the petroleum market, Soviet exports, in the decade in which they were active on the world market in considerable force (1925–34), acquitted themselves as a useful competitive element in a market in which the big oil companies customarily collaborated in the maintenance of a controlled market. European consumers were kept supplied with a good product at a fair price, based partly on short hauls and partly on absence of high overhead charges.

What United States companies lost to the Soviets in sales to their European outlets, they more than offset in purchases of Soviet oil products for short-haul delivery to their eastern markets in effective competition with the Shell group. In this 10-year period the Standard Oil group bought Soviet petroleum valued at more than $100,000,000,[2] thus paving the way for Amtorg's large orders for United States oil equipment, which, in a high year like 1930, amounted to $8,000,000, or 35 percent of total United States exports in this category.

Future Export Leader?

From the Soviet point of view, the temporary diversion of a vital industrial material such as petroleum from home consumpiton into exports represented sound economic strategy. There is also good reason to believe that in the future, under a similar set of economic circumstances, in the reconstruction period to follow the present war, the Soviet Union, faced with a pressing need for imported industrial goods, may again choose to withhold from domestic consumption an exportable commodity of high value—and petroleum, as adumbrated by recent Soviet concern over concessions in Iran, may again be a logical export leader in the foreign trade of the U. S. S. R.

Philatelic Notes: Guatemala

A new issue of 3-cent postage stamps was placed in circulation in Guatemala on February 20, 1945, for a period of 6 months terminating August 16, 1945. The engraving is an allegory of the Revolution of October 20, 1944, the size 20 by 27 mm, the color bronze-blue, and the quantity printed 2,000,000.

[2] New York Times, January 27, 1935.

News by COUNTRIES

(Continued from p. 28)

United Kingdom

Transport and Communication

Plans for Road Construction.—A 10-year road-construction program to cost £20,000,000 has been recommended by the general secretary of the Roads Improvement Association of Great Britain, states a foreign publication. The construction of approximately 1,000 miles of new roads is planned as a post-war project.

Uruguay

Tariffs and Trade Controls

Diesel Oil: Import Quota for First Semester in 1945 Established.—A global quota of 10,000 tons of Diesel oil for the first semester of 1945 will be allowed importation into Uruguay by ANCAP (National Administration of Fuel Alcohol and Portland Cement), according to a resolution of January 26, 1945, published in the Diario Oficial of February 2, 1945.

The oil will be proportionately distributed between ANCAP and companies which have requested an import quota, on the basis of their 1944 sales.

Transport and Communication

Increase in Business of Passenger-Transport Systems.—Statistics for the street railways and omnibus systems of Montevideo, Uruguay, show important gains in the number of passengers carried in 1944 compared with 1943. In 1944, a total of 158,363,949 were carried on the street railways, compared with 149,478,836 in the preceding year.

Passengers carried by the city omnibus system for the year 1944 numbered 194,273,995, compared with 177,817,221 for 1943, a gain of 9.3 percent.

Venezuela

Tariffs and Trade Controls

Industrial Chemicals: Import Duties and Classifications Modified.—The Venezuelan customs classifications and rates of import duty on industrial chemicals were changed by Resolution No. 25 of the Ministry of Finance, dated February 19, 1945, effective the same date. In general, the duties on chemical raw materials for industrial purposes were reduced to a fraction of their former rates, and a large number of new classifications covering specific products were created.

[Information concerning the changes affecting any of the above-mentioned products may be obtained upon request to the American Republics Unit, Division of International Economy.]

Wood Piling and Shavings: Import Duties Reduced.—The Venezuelan import duty on wood piling was reduced and the tariff classification and duty on wood shavings was modified by Resolution No. 26, published in the Gaceta Oficial of February 19, 1945, effective the same date. The duty on wood piling was lowered from 0.16 bolivar to 0.05 bolivar per gross kilogram, and the classification of wood shavings was changed from "ordinary manufactured wood, not specified," at a duty of 1.50 bolivares per gross kilogram, to "wood shavings," dutiable at 0.20 bolivar per gross kilogram.

Cement: Duty-Free Importation Continued.—By Resolution No. 27 of the Venezuelan Ministry of Finance, dated February 19, 1945, the period granted for the duty-free importation of portland cement has been extended until June 7, 1945.

[Portland cement has been admitted duty-free into Venezuela since December 7, 1942.]

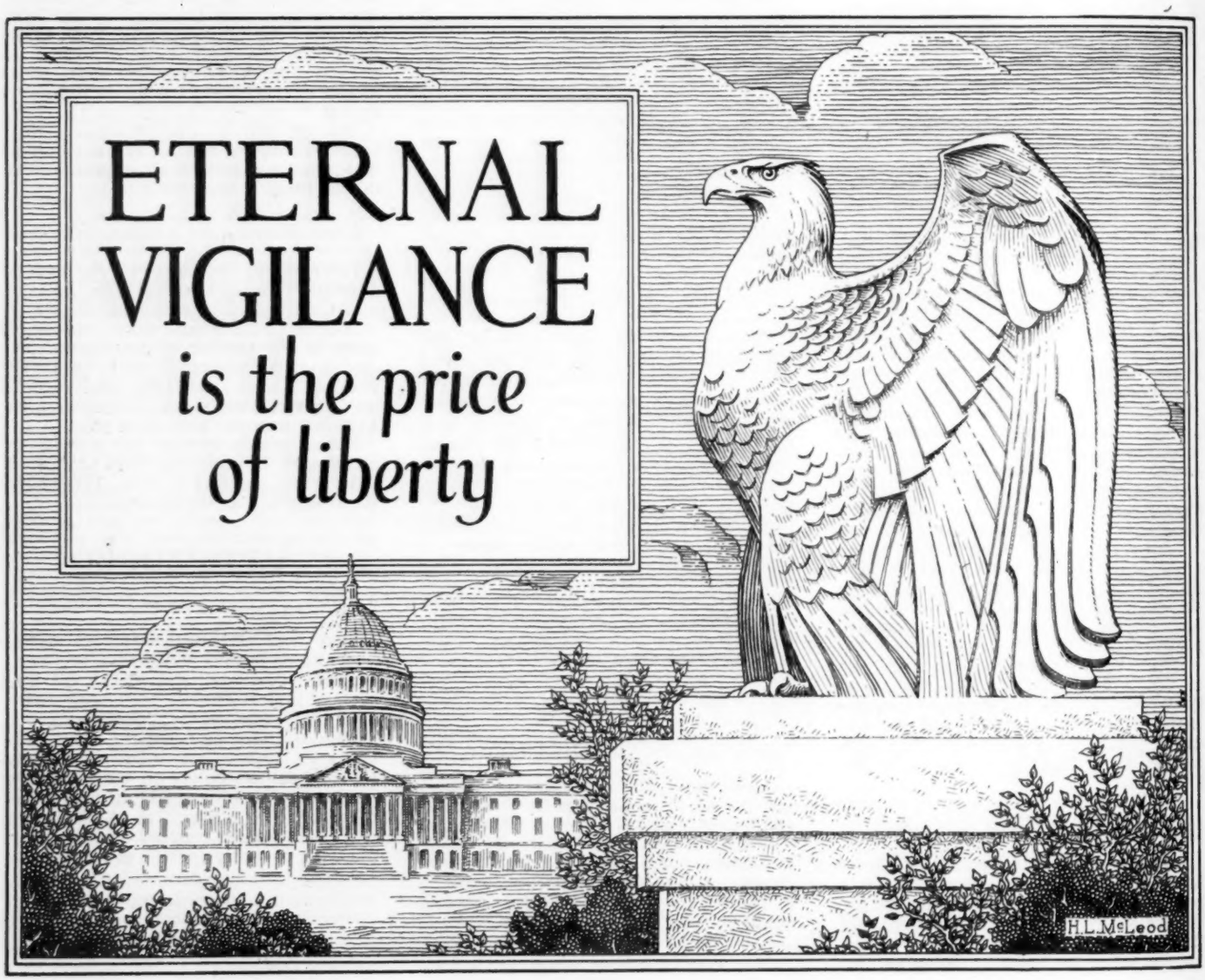
Commercial Modus Vivendi With Switzerland Continued.—The commercial modus vivendi between Venezuela and Switzerland, originally signed on February 7, 1941, has been continued in force for an additional year by an exchange of notes on February 27, 1945, between the two Governments. The agreement provided for reciprocal assurances in regard to import quotas or restrictions, and for an undertaking on the part of the Swiss Government to stimulate the importation of Venezuelan products.

[See FOREIGN COMMERCE WEEKLY of March 3, 1941, for announcement of original arrangement.]

The Mexican Government's new 100-octane aviation refinery at Atzcapotzalco, near Mexico City, which is being constructed with the aid of a $10,000,000 loan from the Export-Import Bank of Washington, is scheduled to begin production late this year, the Petroleum Administration for War recently announced.

Production in Birobidzhan, U. S. S. R.

In the Jewish Autonomous Oblast of the Soviet Union, 26 artels (ordinarily handicraft associations) of producers' cooperatives and 9 domestic-industry enterprises are producing consumers' goods, it is reported in the foreign press. Seven enterprises have been organized during the war for production of the following goods: Leather, laundry soap, metal and wooden buttons, combs, wooden and metal spoons, as well as agricultural tools, such as shovels, watering pots, and hoes. During the first 4 months of 1944 these enterprises turned out earthenware of 24,000 liters capacity as against 15,000 liters capacity produced in the corresponding period of 1943; manufactured and repaired metal household utensils worth 67,000 rubles, compared with 25,000 rubles in 1943; produced half a ton of laundry soap; and repaired 8,660 pairs of stockings as compared with 3,900 pairs in 1943.



The President's Message on Trade Agreements

(Text of the President's Message to Congress of March 26, 1945, on the enactment of legislation to extend the Reciprocal Trade Agreements Act.)

TO THE CONGRESS OF THE UNITED STATES:

The coming victory of the United Nations means that they, and not their enemies, have power to establish the foundations of the future.

On April twenty-fifth their representatives will meet in San Francisco to draw up the Charter for the General Organization of the United Nations for security and peace. On this meeting and what comes after it our best hopes of a secure and peaceful world depend.

At the same time we know that we cannot succeed in building a peaceful world unless we build an economically healthy world. We are already taking decisive steps to this end. The efforts to improve currency relationships by the International Monetary Fund, to encourage international investments and make them more secure by the International Bank for Reconstruction and Development, to free the air for peaceful flight by the Chicago civil-aviation arrangements, are part of that endeavor. So, too, is the proposed Food and Agriculture Organization of the United Nations.

We owe it to the vision of Secretary Hull that another of the essential measures we shall need to accomplish our objective has been tested and perfected by 10 years of notably successful experience under his leadership. You are all familiar with the Trade Agreements Act which has been on the books since 1934 and which on three occasions, since that time, the Congress has renewed. The present law expires in June of this year. I recommend that it again be renewed so that the great work which Secretary Hull began may be continued.

Under him the reciprocal trade-agreement program represented a sustained effort to reduce the barriers which the nations of the world maintained against each other's trade. If the economic foundations of the peace are to be as secure as the political foundations, it is clear that this effort must be continued, vigorously and effectively.

Trade is fundamental to the prosperity of nations, as it is of individuals. All of us earn our living by producing for some market, and all of us buy in some market most of the things we need. We do better, both as producers and consumers, when the markets upon which we depend are as large and rich and various and competitive as possible. The same is true of nations.

We have not always understood this, in the United States or in any other country. We have tried often to protect some special interest by excluding strangers' goods from competition. In the long run everyone has suffered.

In 1934 this country started on a wiser course. We enacted into law a standing offer to reduce our tariff barriers against the goods of any country which would do the same for us. We have entered into reciprocal trade agreements with 28 countries. Each one of these agreements reduced some foreign barriers against the exports of this country, reduced our barriers against some products of the other party to the bargain, and gave protection against discrimination by guaranteeing most-favored-nation treatment to us both. Each agreement increased the freedom of businessmen in both countries to buy and sell across national frontiers. The agreements have contributed to prosperity and good feeling here and in the other contracting countries.

The record of how trade agreements expand two-way trade is set forth in the 1943 report of the Committee on Ways and Means. This record shows that between 1934–35 and 1938–39 our exports to trade-agreement countries increased by 63 percent, while our shipments to non-agreement countries increased by only 32 percent; between these same periods, our imports from agreement countries increased by 22 percent as compared with only 12 percent from non-agreement countries. The disruptions and dislocations resulting from the war make later comparisons impossible. The record published in 1943 is, nevertheless, as valid today as it was then. We know, without any doubt, that trade agreements build trade and that they will do so after the war as they did before. All sections of our population, labor, farmers, businessmen, have shared and will share in the benefits which increased trade brings.

Unfortunately, powerful forces operated against our efforts in the years after 1934. The most powerful were the steps of our present enemies to prepare themselves for the war they intended to let loose upon the world. They did this by subjecting every part of their business life, and especially their foreign trade, to the principle of guns instead of butter. In the face of the economic warfare which they waged, and the fear and countermeasures which their conduct caused in other countries, the success of Secretary Hull and his interdepartmental associates in scaling down trade barriers is all the more remarkable.

The coming total defeat of our enemies, and of the philosophy of conflict and aggression which they have represented, gives us a new chance and a better chance than we have ever had to bring about conditions under which the nations of the world substitute cooperation and sound business principles for warfare in economic relations.

It is essential that we move forward aggressively and make the most of this opportunity. Business people in all countries want to know the rules under which the post-war world will operate. Industry today is working almost wholly on war orders, but, once the victory is won, immediate decisions will have to be made as to what lines of peacetime production look most profitable for either old or new plants. In this process of reconversion, decisions will necessarily be influenced by what businessmen foresee as Government policy. If it is clear that barriers to foreign trade are coming down all around the world, businessmen can and will direct production to the things that look most promising under those conditions. In that case a real and large and permanent expansion of international trade becomes possible and likely.

But if the signs are otherwise, if it appears that no further loosening of barriers can be expected, everyone will act very differently. In that event we shall see built up in all countries new vested interests in a system of restrictions, and we shall have lost our opportunity for the greater prosperity that expanding trade brings.

I have urged renewal of the Trade Agreements Act. In order to be fully effective the Act needs to be strengthened at one important point. You will remember that as passed in 1934 it authorized reductions in our tariff up to 50 percent of the rates then in effect. A good many of those reductions have been made, and those rates cannot be reduced further. Other reductions, smaller in amount, leave some remaining flexibility. In other cases, no reductions have been made at all, so that the full original authority remains.

You will realize that in negotiating agreements with any foreign country what we can accomplish depends on what both parties can contribute. In each of the agreements we have made we have contributed reductions on products of special interest to the other party to the agreement, and we have obtained commensurate contributions in the form of concessions on products of special interest to us.

As to those countries, much of our original authority under the Act has been used up. We are left in this situation: Great Britain and Canada, our largest peacetime customers, still maintain certain high barriers against our exports, just as we still have high barriers against theirs. Under the Act as it now stands we do not have enough to offer these countries to serve as a basis for the further concessions we want from them. The same situation confronts us, although in a lesser degree, in the case of the other countries with whom we have already made agreements; these include France, the Netherlands, Belgium, Turkey, Sweden, Switzerland, and most of the American Republics.

I therefore recommend that the 50 percent limit be brought up to date by an amendment that relates it to the rates of 1945 instead of 1934. Then we shall have the powers necessary to deal with all our friends on the basis of the existing situation.

The bill which the Chairman of the Ways and Means Committee has introduced in the House of Representatives, H. R. 2652, would accomplish the objectives I have in mind, and has my support.

This legislation is essential to the substantial increase in our foreign trade which is necessary for full employment and improved standards of living. It means more exports and it also means more imports. For we cannot hope to maintain exports at the levels necessary to furnish the additional markets we need for agriculture and industry—income for the farmer and jobs for labor—unless we are willing to take payments in imports. We must recognize, too,

that we are now a creditor country and are destined to be so for some time to come. Unless we make it possible for Americans to buy goods and services widely and readily in the markets of the world, it will be impossible for other countries to pay what is owed us. It is also important to remember that imports mean much more than goods for ultimate consumers. They mean jobs and income at every stage of the processing and distribution channels through which the imports flow to the consumer. By reducing our own tariff in conjunction with the reduction by other countries of their trade barriers, we create jobs, get more for our money, and improve the standard of living of every American consumer.

This is no longer a question on which Republicans and Democrats should divide. The logic of events and our clear and pressing national interest must override our old party controversies. They must also override our sectional and special interests. We must all come to see that what is good for the United States is good for each of us, in economic affairs just as much as in any others.

We all know that the reduction of government-created barriers to trade will not solve all our trade problems. The field of trade has many fronts, and we must try to get forward on each of them as rapidly and as wisely as we can. I shall continue, therefore, to explore the possibility also of reaching a common understanding with the friendly nations of the world on some of the other international trade problems that confront us. The appropriate committees of the Congress will be fully consulted as that work progresses. The purpose of the whole effort is to eliminate economic warfare, to make practical international cooperation effective on as many fronts as possible, and so to lay the economic basis for the secure and peaceful world we all desire.

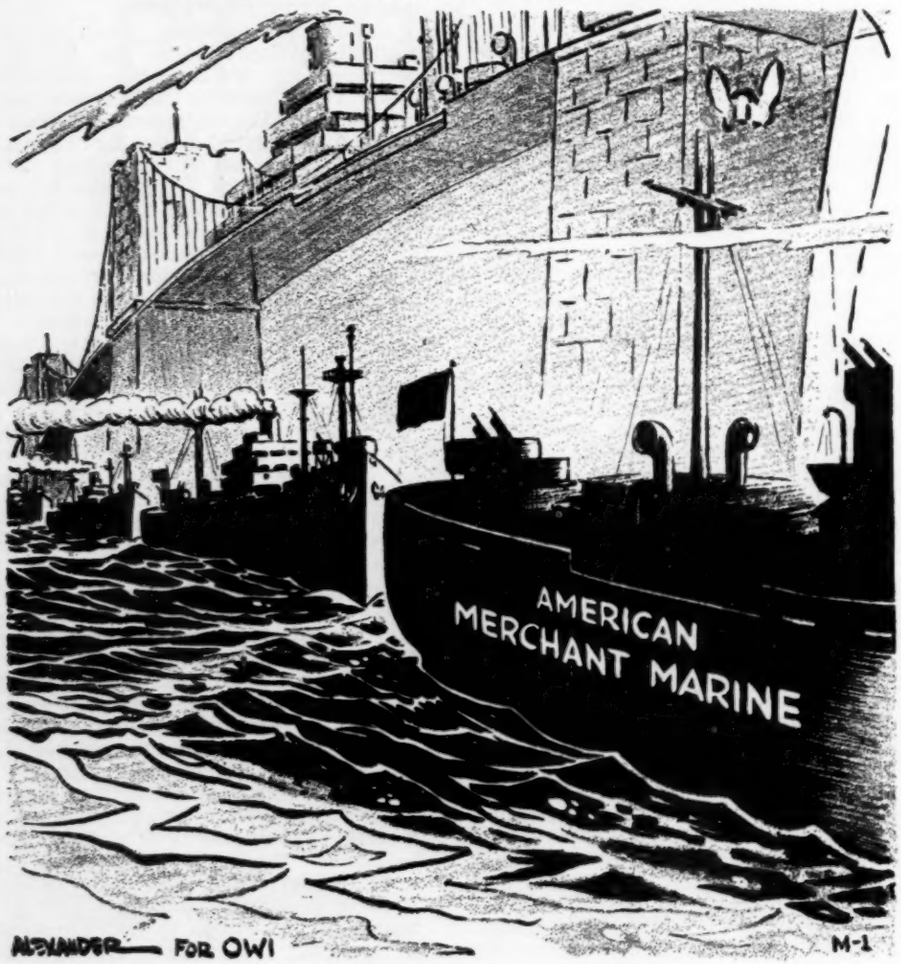
When this Trade Agreements legislation and the other legislation I have recommended to this Congress is adopted, and when the General Organization of the United Nations and their various special agencies, including one on trade, have been created and are functioning, we shall have made a good beginning at creating a workable kit of tools for the new world of international cooperation to which we all look forward. We shall be equipped to deal with the great overriding question of security, and with the crucial questions of money and exchange, international investment, trade, civil aviation, labor, and agriculture.

As I said in my message of February 12 on the Bretton Woods proposals: "The point in history at which we stand is full of promise and of danger. The world will either move toward unity and widely shared prosperity or it will move apart into necessarily competing economic blocs. We have a chance, we citizens of the United States, to use our influence in favor of a more united and cooperating world. Whether we do so will determine, as far as it is in our power, the kind of lives our grandchildren can live."

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,
March 26, 1945.

BRIDGE TO A VICTORIOUS PEACE



Trade Agreement Calendar

Trade Agreements Signed

Country	Date signed	Date effective
Cuba	Aug. 24, 1934	Sept. 3, 1934
Belgium and (Luxemburg)	Feb. 27, 1935	May 1, 1935
Haiti	Mar. 28, 1935	June 3, 1935
Sweden	May 25, 1935	Aug. 5, 1935
Brazil	Feb. 2, 1935	Jan. 1, 1936
Canada (see revised agreement below)	Nov. 15, 1935	Do.
Kingdom of the Netherlands (Netherlands in Europe, Netherlands Indies, Surinam, and Curacao)	Dec. 20, 1935	Feb. 1, 1936
Switzerland	Jan. 9, 1936	Feb. 15, 1936
Honduras	Dec. 18, 1935	Mar. 2, 1936
Colombia	Sept. 13, 1935	May 20, 1936
Guatemala	Apr. 24, 1936	June 15, 1936
France and its colonies, dependencies, and protectorates other than Morocco	May 6, 1936	Do.
Nicaragua [1]	Mar. 11, 1936	Oct. 1, 1936
Finland	May 18, 1936	Nov. 2, 1936
El Salvador	Feb. 19, 1937	May 31, 1937
Costa Rica	Nov. 28, 1936	Aug. 2, 1937
Czechoslovakia [2]	Mar. 7, 1938	Apr. 16, 1938
Ecuador	Aug. 6, 1938	Oct. 23, 1938
United Kingdom, including Newfoundland and the British Colonial Empire	Nov. 17, 1938	Jan. 1, 1939
Canada (revision of agreement of 1935)	do	Do.
Turkey	Apr. 1, 1939	May 5, 1939
Venezuela	Nov. 6, 1939	Dec. 16, 1939
Cuba (supplementary agreement)	Dec. 18, 1939	Dec. 23, 1939
Canada (supplementary agreement) [3]	Dec. 30, 1939	Jan. 1, 1940
Canada (supplementary agreement) [3]	Dec. 13, 1940	Dec. 20, 1940
Argentina	Oct. 14, 1941	Nov. 15, 1941
Cuba (supplementary agreement)	Dec. 23, 1941	Jan. 5, 1942
Peru	May 7, 1942	July 29, 1942
Uruguay	July 21, 1942	Jan. 1, 1943
Mexico	Dec. 23, 1942	Jan. 30, 1943
Iran	Apr. 8, 1943	June 28, 1944
Iceland	Aug. 27, 1943	Nov. 19, 1943

[1] The duty concessions and certain other provisions of this agreement ceased to be in force as of Mar. 10, 1938.
[2] The operation of this agreement was suspended as of Apr. 22, 1939.
[3] Superseded by supplementary agreement signed Dec. 13, 1940.

Countries With Which Intention To Negotiate Has Been Announced

Country	Date of issuance of notice	Latest date for submitting written statements	Date for oral presentation of views
Bolivia	Apr. 4, 1942	May 4, 1942	May 18, 1942
Paraguay	June 23, 1943	July 23, 1943	Aug. 4, 1943

Only one textile mill continued operations in Leningrad, Soviet Russia, during 1942, according to the Soviet press. During the following year two more plants resumed full-scale production. Four additional establishments were placed in operation in 1944.

New Books and Reports

★The following publications, added to the Department's research facilities, through the courtesy of the authors and publishers, are listed as a service to businessmen. *Please note:* The Department has no copies of private publications for distribution and cannot be responsible for their content. For private publications, write direct to the publishing agency given in each case.

Articles of interest to businessmen appearing in the Department of State Bulletin, March 25, 1945:

Copies of this publication, which is issued weekly by the Department of State, may be obtained from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., for the price of 10 cents each; subscription price, $3.50 a year. The March 25 issue contains these articles:

DEATH OF MINISTER OF SOUTH AFRICA.

VISIT OF BRAZILIAN SURGEON.

REQUEST FOR INCREASE IN GREEN-COFFEE CEILING PRICES: ACTION TAKEN BY UNITED STATES GOVERNMENT.

PRESENTATION OF LETTERS OF CREDENCE BY AMBASSADOR OF PANAMA.

VISIT OF GOVERNOR GENERAL OF CANADA.

SIXTH MEETING OF ANGLO-AMERICAN CARIBBEAN COMMISSION.

DISPLACED POPULATIONS IN EUROPE IN 1944, WITH PARTICULAR REFERENCE TO GERMANY. By Jane Perry Clark Carey.

PRESENTATION OF LETTERS OF CREDENCE BY MINISTER OF SYRIA.

BRETTON WOODS PROPOSALS:
The Place of Bretton Woods in Economic Collective Security. Address by Assistant Secretary Acheson.

MEETING OF INTERNATIONAL COTTON ADVISORY COMMITTEE: United States Delegation.

INTERNATIONAL ECONOMIC COOPERATION FOR PEACE. Address by Assistant Secretary Clayton.

CONCLUSION OF DISCUSSIONS IN LONDON ON TELECOMMUNICATIONS.

ANGLO-AMERICAN COOPERATION FOR EXPANSION OF WORLD TRADE. Remarks by Frank Whitson Fetter.

AN ECONOMIC POLICY FOR PEACE. Address by Assistant Secretary Acheson.

DUMBARTON OAKS PROPOSALS:
Operation of the Proposed Voting Procedure in the Security Council. Statement by Acting Secretary Grew.

"BUILDING THE PEACE." WHAT ABOUT THE ENEMY COUNTRIES?

THE YOUTH OF THE WORLD AND THE PROBLEMS OF PEACE. Address by Bryn J. Hovde.

THE CONCEPT OF THE UNITED NATIONS. Remarks by Carlton Savage.

LEND-LEASE AGREEMENT BETWEEN THE UNITED STATES AND THE PROVISIONAL GOVERNMENT OF FRANCE:
Ocean-Going Merchant Vessels Not Included under Schedule 2 of 3(c).

AVIATION AGREEMENTS. ETHIOPIA.

UNRRA AGREEMENT. COLOMBIA.

APPOINTMENT OF OFFICERS.

Other Publications

REPORTS OF THE UNITED STATES TARIFF COMMISSION. A series of reports covering agricultural, pastoral, and forest industries, economic controls and commercial policies, mining and manufacturing industries, and recent developments in the foreign trade, of the American Republics.

—AGRICULTURAL, PASTORAL, AND FOREST INDUSTRIES IN CHILE. 1945. 47 pp.

—ECONOMIC CONTROLS AND COMMERCIAL POLICY IN CHILE. 1945. 25 pp.

—MINING AND MANUFACTURING INDUSTRIES IN CHILE. 1945. 37 pp.

—RECENT DEVELOPMENTS IN THE FOREIGN TRADE OF CHILE. 1945. 81 pp.

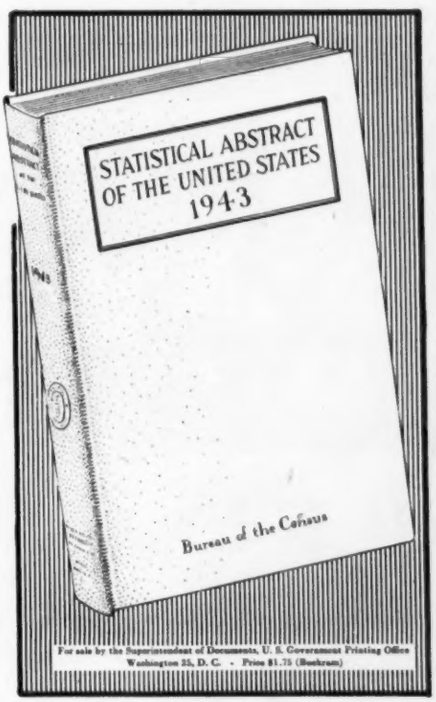
Available gratis from: United States Tariff Commission, Washington 25, D. C.

THE ALEUTIAN ISLANDS: THEIR PEOPLE AND NATURAL HISTORY. Smithsonian Institution. 1945. 132 pp. Price 25 cents. This is No. 21 of the War Background Studies. The purpose of this paper is to describe briefly the physical features, history, native inhabitants, and fauna and flora of the Aleutian Islands.

Available from: Smithsonian Institution, Washington, D. C.

INTERNATIONAL CARTELS IN THE POSTWAR WORLD. J. Anton DeHaas. 1944. 52 pp. Price, 50 cents. The purpose of this pamphlet is to present basic facts regarding these cartels. It states that the position of the United States with regard to international cartels and their relationship to American business must be clarified at the earliest possible moment, and that the decision should not be based upon political expediency but upon the practical requirements of business and peace.

Available from: American Enterprises Association, Inc., 4 East 41st Street, New York 17, N. Y.


STATISTICAL ABSTRACT
OF THE UNITED STATES
1943
Bureau of the Census
For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price $1.75 (Buckram)

AMERICA'S PLACE IN THE WORLD ECONOMY. Arnold J. Zurcher and Richmond Page, Editors. 1945. 250 pp. Price, $3. Addresses delivered at the Fourth Series of Conferences of the Institute on Postwar Reconstruction. The content was planned by the authors and editors to give an integrated treatment of the broad field of international commercial and fiscal policy. The book is designed to give the general reader a clearer understanding of some of the economic conditions of a just peace and a durable world order.

Available from: Institute on Postwar Reconstruction, New York University, Washington Square, New York 3, N. Y.

RUSSIA IS NO RIDDLE. Edmund Stevens. 1945. 300 pp. Price, $3. After 6 years of living, working, and studying in Russia, the author weaves personal impressions into current history. He outlines Soviet foreign policy, reports on the Russian people's reactions to national and international events, gives glimpses into Moscow social life and tells of the German occupation of the Donets Basin.

Available from: Greenberg, Publisher, Inc., 67 West 44th Street, New York, N. Y.

INTERNATIONAL DOUBLE TAXATION. Paul Deperon. 1945. 48 pp. Price, 10 cents. A discussion of discriminatory taxation of foreign business and investment, and international double taxation—that is, concurrent taxation by two or more countries of the same income, estate, or other taxable object.

Available from: Committee on International Economic Policy, 405 West 117th Street, New York 27, N. Y.

A COMMERCIAL POLICY FOR THE UNITED NATIONS. Percy W. Bidwell. 1945. 68 pp. Price, 10 cents. This pamphlets proposes that the leaders of the United Nations, in order to promote the expansion of mutually beneficial trade, should pledge themselves in a multilateral convention to remove, or reduce, existing trade barriers, including quantitative restrictions and protective tariff duties, and to eliminate the indirect protectionism which may be concealed in customs formalities and administrative procedures.

Available from: Committee on International Economic Policy, 405 West 117th Street, New York 17, N. Y.

THE PACIFIC ISLANDS HANDBOOK—1944. R. W. Robson, F. R. G. S., 1945. 371 pp. Price, $4. The various topics covered in this handbook include administrations and administrators; the anthropology and history of the individual territories; populations; communications; missionaries; economics; industries; health; war and its chronology and effect; native labor and native conditions.

Available from: The MacMillan Company, 60 Fifth Avenue, New York 11, N. Y.

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